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China

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General

Foreign Ministry Holds Weekly News Conference

Comments on Korean Nuclear Issue

OW2605091094 Beijing XINHUA in English 0903
GMT 26 May 94

[Text] Beijing, May 26 (XINHUA)—China hopes that the parties concerned will continue to make efforts so as to realize a proper settlement of the Korean nuclear issue, a Chinese Foreign Ministry spokesman said here today.

Wu Jianmin, the spokesman, made the statement when asked to comment on the inspection by the International Atomic Energy Agency (IAEA) of the nuclear reactor of the Democratic People's Republic of Korea (DPRK).

Wu said that we have taken note of the report that the IAEA has taken samples from the spent fuel rod of nuclear reactor of the DPRK and will test them.

We welcome any positive development towards the solution of the Korean nuclear issue within the framework of three bilateral talks involving four parties and hope that the parties directly concerned will make continued effort to strive for a proper settlement of the issue, said the spokesman.

Views Hong Kong New Airport Issue

OW2605090394 Beijing XINHUA in English 0852
GMT 26 May 94

[Text] Beijing, May 26 (XINHUA)—China and Britain both agreed to accelerate their work so that agreement on the financial arrangement of the Hong Kong new airport can be reached at an early date, a Chinese Foreign Ministry spokesman here today.

The spokesman, Wu Jianmin, is commenting on the just-concluded meeting of the Sino-British Airport Committee, at the weekly press conference here this afternoon.

During the meeting held on May 20, the Chinese and British sides had further discussions on the financial arrangement of the Hong Kong new airport, Wu said, adding that they achieved positive progress and reached consensus on some issues.

The two sides unanimously agreed to accelerate their work, so as to reach an overall agreement on the financial arrangement of the new airport as soon as possible, the spokesman said.

Opposes Conditional Renewal of MFN

HK2605085194 Hong Kong AFP in English 0836 GMT
26 May 94

[Text] Beijing, May 26 (AFP)—China warned Washington on Thursday against attaching any conditions to

the renewal of its preferential trading status with the United States, stressing that such a move would be "unwise." "The attaching of conditions will be unacceptable to the Chinese side," Foreign Ministry spokesman Wu Jianmin told a weekly press briefing.

U.S. President Bill Clinton is widely expected to renew China's most-favoured-nation (MFN) status before the weekend but with limited sanctions that could involve a ban on imports of weapons and ammunition made by the Chinese military.

"The unilateral exertion of pressure and adoption of restrictive measures with regard to trade... is not in conformity with international practices," Wu said, adding that any decision to impose limited sanctions "would be unwise." "We hope that the U.S. President will make a suitable decision," he said.

Wu refused to comment on what steps China would take should conditions be attached to MFN.

Clinton warned last year that renewal of China's MFN status, which brings the lowest available US tariffs on imports, depended on China showing "overall significant progress" in human rights.

He outlined seven areas needing improvement before the June 3 deadline for deciding on whether to maintain China's MFN status for another year, and asked US Secretary of State Warren Christopher to make a report.

Clinton officials said Christopher found China had met the minimum requirements in two areas: cooperation in ending the export of prison-made goods and allowing relatives of some dissidents to leave the country.

Reacting to reports that Clinton might also seek to set up a U.S. commission to monitor China's progress on human rights, Wu said dialogue "can be conducted with regard to the difference over the issue of human rights between China and the United States." However, he reiterated that China was opposed to any interference in its internal affairs.

China has repeatedly protested the linking of MFN renewal with the human rights issue.

Dismisses Dissidents' Petition

HK2605081394 Hong Kong AFP in English 0758 GMT
26 May 94

[By Philippe Massonnet]

[Excerpts] Beijing, May 26 (AFP)—Chinese dissidents Thursday publicly challenged the government by calling on it to overturn the official condemnation of the 1989 pro-democracy movement.

Seven dissidents involved in the Tiananmen Square massacre signed a petition submitted to the government by Wang Dan, the former student leader of China's 1989 pro-democracy demonstrations. [passage omitted]

Commenting on the petition at his weekly press briefing Thursday, foreign ministry spokesman Wu Jianmin said the "best judgement of an event... is history itself. For the past five years China has been enjoying political stability, economic development, and the living standards of its people have been improving constantly."

China and its people wanted this to continue in the interest of peace and stability in the region, he added.

The pro-democracy movement began April 15 and mobilised millions of Chinese before being crushed by the People's Liberation Army in central Beijing on June 4 1989.

According to an official version of events, 300 people died. Dissidents and independent observers said several thousands were killed in Beijing and the provinces.

Wang's petition said: "This movement was a popular, patriotic and democratic movement, based around students. We were reasonable and non-violent throughout."

As proof of just how worried the authorities are as the Tiananmen anniversary draws closer, Beijing police have been placed on permanent alert and have beefed up patrols, especially around the main campuses and the huge square itself, which was occupied by students in 1989.

University professors have received orders to be especially vigilant in the run-up to the anniversary.

In order to prevent public commemorations, the authorities have detained a number of people in the past weeks, especially members of the Chinese Association of Human Rights in Shanghai.

The most famous dissident, Wei Jingsheng, has been detained by police at a government residence in a Beijing suburb. [passage omitted]

Chinese, Japanese Officials To Hold Talks

OW2605083594 Beijing XINHUA in English 0826
GMT 26 May 94

[Text] Beijing, May 26 (XINHUA)—Chinese Vice-Foreign Minister Tang Jiaxuan and Japanese Deputy Foreign Minister Hiroshi Fukuda will hold the 13th round of regular consultations between the foreign affairs authorities of the two countries in Tokyo on June 1.

Speaking to reporters at the press conference here today, Chinese Foreign Ministry spokesman Wu Jianmin said that the two sides will exchange views on bilateral relations and international issues of common concern.

Polish Parliament Delegation To Visit

OW2605083994 Beijing XINHUA in English 0828
GMT 26 May 94

[Text] Beijing, May 26 (XINHUA)—At the invitation of China's National People's Congress Standing Committee, a delegation of the Sejm (lower house) of Poland headed by its Speaker Jozef Oleksy will pay a goodwill visit to China from May 29 to June 4.

This was announced by a Chinese Foreign Ministry spokesman at a weekly press conference here this afternoon.

Norodom Sihanouk To Visit 2-4 Jun

OW2605082294 Beijing XINHUA in English 0812
GMT 26 May 94

[Text] Beijing, May 26 (XINHUA)—At the invitation of Chinese President Jiang Zemin, His Majesty King Norodom Sihanouk and Her Majesty Queen Norodom Monineath Sihanouk of the Kingdom of Cambodia will pay an official goodwill visit to China from June 2 to 4.

A Chinese Foreign Ministry spokesman, Wu Jianmin, made the announcement at a weekly press conference here this afternoon.

Greets German President-Elect Helzog

OW2605085294 Beijing XINHUA in English 0840
GMT 26 May 94

[Text] Beijing, May 26 (XINHUA)—Chinese Foreign Ministry spokesman Wu Jianmin said here today that "we sincerely hope that the existing friendly relations and cooperation between China and Germany will see continued development during Helzog's term of office."

The spokesman made the remarks when asked to comment on the election of Helzog as the new president of Germany at the weekly press conference here this afternoon. Chinese President Jiang Zemin has sent a message of congratulations to President-Elect Helzog, Wu noted.

GATT's Sutherland Pins China's Prospects to MFN Decision

HK2605083294 Hong Kong AFP in English 0824 GMT
26 May 94

[Text] Hong Kong, May 26 (AFP)—China's prospects for rejoining General Agreement on Tariffs and Trade would suffer a setback if the United States revokes its most-favored-nation (MFN) trading status, GATT director general Peter Sutherland said Thursday.

Sutherland, in Hong Kong two weeks after a visit to Beijing, said Washington's decision on MFN—due by June 3—would "obviously have a relevance" to ongoing negotiations on China's GATT membership. "If China was to lose MFN status, it would have no direct bearing on the GATT negotiations," he told reporters. "But it

would have an indirect bearing... because the MFN issue is one that is fundamental to GATT membership."

MFN enables foreign goods to enter a GATT member nation or territory at preferential rates.

The United States extends the status to nearly all its trading partners but President Bill Clinton has made renewal for China this year conditional on "overall significant progress" in human rights.

Sutherland earlier told business leaders there was a very slim chance that China would be able to join GATT this year in time to be a founding member of the new World Trade Organization on January 1. "I'm not saying its impossible... but it is a very demanding schedule," he said.

China was a founding member of GATT but withdrew from the arrangement in 1949 when the communists came to power.

Beijing Removes Controls From 195 Imports

OW2505120994 Beijing XINHUA in English 1154
GMT 25 May 94

[Text] Beijing, May 25 (XINHUA)—China announced here today a removal of licenses and quotas from another 195 kinds of imported goods.

China had abolished import licenses and quotas for 283 kinds of goods from January 1, 1994.

The announcement was made by Long Yongtu, assistant minister of foreign trade and economic cooperation, here this afternoon.

The move taken by the Chinese Government this time is designed to bring its import system closer to requirements of international practice and to set up a new import system with tariffs as its major means of regulation, Long said.

This marks an important part of China's efforts not only in reforming its import management system, but also in pushing forward the process of restoring its contracting status in the General Agreement on Tariffs and Trade, the assistant minister told XINHUA.

Long made the remarks on the eve of his trip to Europe and the United States. He will head a delegation to Brussels and Washington on Friday [27 May] to discuss China's re-entry into GATT with the European Union (EU) and the United States.

The discussion with the EU is scheduled for May 30 and 31 in Brussels and the negotiations with the U.S. will run from June 3 to June 8 in Washington.

The 195 kinds of imported goods from which licenses and quotas have been lifted this time cover 30 kinds of imports to be free of controls by the end of this year and 120 by the end of next year, as planned in the Sino-U.S. Memorandum of Understanding on Market Access.

China's stepped-up implementation of its promise in the agreement demonstrates China's sincerity and capability, Long said.

On the upcoming talks with the EU and the U.S., Long said the talks will be very substantial since a protocol package will be discussed during the period.

China has prepared itself in an earnest way for the discussions and will present a large number of documents on China's foreign trade regime, he said.

The assistant minister said the discussions, on a basis of full transparency, will focus on tariffs, tariff exemptions, foreign trading rights and other issues related to China's foreign trade system.

Li Lanqing Meets IAU Representatives

OW2505153494 Beijing XINHUA in English 1247
GMT 25 May 94

[Text] Beijing, May 25 (XINHUA)—Chinese Vice-Premier Li Lanqing met here this afternoon with participants to the China meeting of the International Association of Universities (IAU).

The meeting opened on Tuesday in Tianjin and the nearly 40 participants come from colleges and educational establishments of some 20 countries in the Asia-Pacific region and other parts of the world.

The focus of the meeting is the "brain drain" problem—the flow of talented people—which is of concern to the international community, especially developing countries.

Pudong New Area Attracts More Overseas Investment

OW2505211794 Beijing XINHUA in English 1316
GMT 25 May 94

[Text] Shanghai, May 25 (XINHUA)—Pudong New Area in Shanghai has approved 364 overseas investment projects in the first four months this year, involving an agreed overseas capital of 1.28 billion U.S. dollars.

Officials from the new area administration said the amount of overseas investment is 121 percent higher than in the same period last year.

Panama, Israel, Western Samoa, Bolivia and Puerto Rico signed their first investment in the new area in the first quarter, said the officials.

By the end of April, 40 countries and regions worldwide had launched 1992 projects in the new area, with contracted overseas investment totalling 4.55 billion U.S. dollars, the officials said.

Among the world's top 100 multinationals, about a quarter now have investments in Pudong, according to the officials.

A report from the new area's trade bureau says that quite a lot of manufacturing businesses which came to Pudong when the new area was launched in 1991, are already making a good profit.

Thanks to the support of overseas capital, the new area has established a powerful high-tech industry, including high-grade chemicals, telecommunications, biopharmaceuticals, computer software, electronic products and new materials, said the officials.

'Feature' Notes Changes in Automotive Industry

OW2505223794 Beijing XINHUA in English 1827
GMT 25 May 94

["Feature" by Wang Nan: "Fresh Tint on World Auto Industry"]

[Text] Washington, May 25 (XINHUA)—India has Maruti. Malaysia has Proton. Suzuki can be found in Hungary. Fiat is in Poland. China has joint ventures with Volkswagen, Peugeot, Chrysler and General Motors.

It was the good old days when the world's industrial nations accounted for nearly all vehicle production and the bulk of their sales. The time has come for the developing world to cry for attention.

In 1993, the emerging markets, mainly central and eastern Europe, Southeast Asia, India, China, and Latin America, produced approximately 19 percent of the world's vehicles, twice that in 1985.

Next year, the World Bank said in a forecast, the emerging markets will absorb one-tenth of the world's car sales. Vehicle sales in these countries have been growing at least 30 percent annually.

"Many developing countries that aim to grow through industrialization regard the automotive sector as a snit-able way to achieve this objective," said Yannis Karmokolias, author of several studies on automotive industry.

It is true that the automotive industry can be crucial in a nation's economy, as in the U.S., where auto accounts for five percent of gross national product and 17 percent of industrial employment.

Now, nine percent of manufacturing output and 10 percent of manufacturing employment in Mexico relates to car industry, while in Brazil, six percent of manufacturing output comes from auto making.

While absorbing aluminum and zinc alloys, iron and steel products, auto industry links extensively with marketing, repair and maintenance, fuel and lubricants, insurance, shipping and accessories.

Still, the industrial nations constituted three-fourths of the world car market. The big three of the U.S. are gaining market share. Some developing countries are hovering around self-sufficient level.

But opportunity is there: there is huge surge in car sales in leading Asian nations, sales rose by close to 50 percent in Hungary, and the registrations for cars in Mexico and Turkey have doubled in five years.

In recent discussions sponsored by the International Finance Corporation (IFC), emerging auto markets were ranked by current and potential size: Latin America leads India, China, ASEAN and Eastern Europe.

According to IFC estimates, in 1995, 77.5 percent of the world auto sales will go to the industrial nations, although Latin America and South Korea will account for 3.3 percent and 2.5 percent respectively.

Developing countries should know, observers said, that their automotive industries do not need to start with assembly, as has been the case, but could be based on component manufacturing that might lead to assembly.

While developing countries regard Western countries as major markets for their vehicles, these countries appeared less interested in developing and sustaining their domestic markets, observers said.

"To encourage domestic sales yet avoid being swamped by imports requires a careful mix of policies related not only to domestic production, but also to trade, pricing and credit," the IFC said in a recent policy paper.

In some developing countries, governments are withdrawing from the sphere of auto production, especially in Latin America, where not a single share of auto component firms are held by public authorities.

But in Asia, the governments' role in shaping trade policies, exchange rates, regulations, price structures, access to credit, privatization and the handling of the labor force remains extensive.

On policy, some governments are advised not to change gear in jerky fashion, or set auto industry policy too rigidly, which, observers said, might lead to the industry's weakening and turmoil.

U.S. Proposes Extra Priorities in Japan Trade Talks

OW2505203894 Beijing XINHUA in English 1507
GMT 25 May 94

[Text] Tokyo, May 25 (XINHUA)—The United States has proposed that an additional five areas of trade be upgraded to "priority" sectors for the bilateral trade framework talks which are to be resumed between it and Japan.

The KYODO NEWS SERVICE today quoted Japanese Government sources as saying that the U.S. Government has suggested that financial services, glass, intellectual property, lumber, and antitrust policy and deregulation be added to the list of priority areas for negotiations.

Currently, the priority sectors in the wide-ranging framework are government procurement of telecommunications and medical equipment, insurance, and auto parts.

The sources were quoted as saying that the Japanese Government will basically accept the U.S. proposals apart from the lumber sector.

KYODO said the proposal was made during vice ministerial-level discussions in Washington which led to the breakthrough in the framework talks following a three-month stalemate.

The trade framework negotiations were agreed upon last July as a means of cutting Japan's swelling trade surplus with the United States, but hit a snag in February this year due to a discord over a U.S. demand for "objective criteria" to measure the opening of Japan's market to foreign imports.

Meanwhile, Japan's Ambassador to the United States Takakazu Kuriyama said his country needed to take steps to significantly reduce its politically sensitive current account surplus and implement a market-opening package to successfully conclude the bilateral trade talks.

Kuriyama, who is currently in Japan to prepare for the upcoming visit to the United States by Emperor Akihito and Empress Michiko, made the statement at a press conference at the Foreign Ministry.

He said Tokyo and Washington agreed to resume the stalled framework talks because both sides shared the view that it is undesirable to keep tense economic and trade relations "drifting" since that would hurt overall bilateral relations.

He added that the two countries also reached the accord because it deepened understanding about each other's positions on the trade talks.

Journal Views U.S.-Russian 'Partnership'

HK1105064494 Beijing SHIJIE ZHISHI in Chinese No 5, 1 Mar 94 pp 2-4

[By Liu Yongping 0491 3057 1627: "Has U.S.-Russian 'Partnership' Matured?"]

[Text] The world's focus on relations between the United States and Russia, which are no longer opponents, reached a high tide from 12 to 15 January. During the first three or four days of this year, U.S. President Clinton made his first official visit to Russia since assuming office. It was the second official meeting between the heads of state of the two countries after their April 1993 meeting in Vancouver.

Russia has said that the talks at the most recent meeting had "very enriched contents and were most businesslike and substantial" compared with all previous summits. Leaving aside a dozen important documents signed between the two sides, the "Moscow Declaration" signed by the two presidents shows that Clinton presented a

new thing during his current trip, that is, he announced that the United States and Russia have entered "a new and mature stage of strategic partnership." Apparently, this new formulation constitutes a big step forward compared with the U.S.-Russian ties which had changed from being opponents during the "Cold War" to the "strategic partners" they declared to be at the Vancouver summit nine months ago. How could the United States and Russia, the long-standing enemies during the "Cold War," cause their recently established ties of "strategic partnership to mature" within the short period of only 9 months and then enter a "new stage"? Is it a diplomatic miracle or merely a political show?

Each Side Has Its Own Intentions

The Moscow meeting was held at a time when there were various complicated factors in the international situation and the U.S. and Russian domestic situations. Russia's radical reform measures suffered setbacks and the ultranationalist forces were on the rise at home; there was a strong demand in the United States to "be cautious in maintaining relations with Russia"; and turbulence continued in Europe and the disputes over whether East European countries and the former Soviet Union should join NATO were intensifying. These scenes formed the background to the latest U.S.-Russian summit.

Against such a background, the primary consideration for the United States was to clearly state U.S. support for Yeltsin via the summit, to exert an influence on Russia's political situation. The United States has always believed that the disintegration of the Soviet Union, and Russia's reforms aimed at establishing a Western-style "democratic society," are the greatest victories of the "Cold War." However, the unexpected victory of the Russian Communist Party and ultranationalist forces in the 1993 December parliamentary elections, particularly the crazy "remarks" by Zhirinovskiy, sent a warning to the U.S. Government. Hence, helping Russia "steadily realize the democratic transition" became an urgent task for the United States to consolidate the "Cold War" victory and ensure the establishment of a new international order. Second, placating Russia through the establishment of the "mature strategic partnership" to win Russia's support and cooperation in handling the regional security and nuclear nonproliferation issues. Although Russia is no longer a superpower following the disintegration of the Soviet Union, its military strength and geopolitical influence cannot be ignored. Moreover, it still exerts a great influence on the countries of the former Soviet Union and Eastern Europe and it would be unimaginable for the United States to establish a new security structure in Europe without Russia's support. The United States intends to make use of Russia to check the tendency of Western Europe to drift away from the United States so that it can play a leading role in Western Europe and also exert an influence on the whole of Europe, including the countries of the former Soviet Union and East Europe.

Through the recent meeting, Russia tried to prove to the United States its irrevocable reform and used promises (that is, not allowing the pace of reform to slow down) in exchange for U.S. economic aid and support for the Yeltsin government. Through the establishment of an "equal" and "strategic partnership," Russia also tried to show the world that "it was a big country like the United States" and that the United States had to admit Russia's "special status" and "leadership" over the countries of the former Soviet Union and East Europe.

False Display Exceeds Substantiality

During the recent meeting, both sides exchanged views on a wide range of issues including Russia's domestic situation and economic reform, Europe's security system, Ukraine's nuclear problem, and the establishment of mutual trust and comprehensive bilateral cooperation and reached a series of agreements. The two sides also agreed to hold another two meetings between the head of states before the end of the year.

To sum up, the following achievements were attained at the recent meeting: First, the "Moscow Declaration" stated that the United States and Russia had "entered a new stage of their mature strategic partnership." The declaration set a high tone for the current U.S.-Russian ties of cooperation. However, whether Clinton and Yeltsin can continue to sing in a high tone depends to a great extent on the future trend in Russia's political situation and whether the changes in its foreign policy can be brought into line with the United States. Viewed from the recent changes in Russia's domestic situation, the future is by no means optimistic. Second, Yeltsin told Clinton that Russia "will continue its reform and not slow the pace" while Clinton reiterated that the United States resolutely supported Russia's "democratic market transformation." Clinton also said that he will fulfill the economic aid promise made after the Vancouver summit and declared that he had urged the U.S. Congress to make a decision on offering Russia \$900 million in economic aid by the end of 1995. The United States also agreed to reduce the tariffs on over 4,000 commodities imported from Russia and to "work positively" to remove the trade restrictions and discriminatory trade policy toward the former Soviet Union. However, the United States failed to make new offers on economic aid. As everyone knows, the West has merely paid lip service rather than offering economic aid in the past.

Even if the promise on economic aid is honored, it will be inadequate for Russia's ailing economy. As to Yeltsin's promise of not slowing down the pace of reform, it has probably become a rubber check following the dismissal of Gaidar and other "reformers." Third, the two countries decided to stop targeting their missiles against each other or their allies before the end of May this year. This move seems to have dispelled the West's nuclear phobia left over from the former Soviet Union. When there is no mechanism to examine the implementation of this agreement, however, it can only be a

symbolic political game. What is more, it is an easy technical job to resume the targeting of these nuclear weapons. Fourth, the United States and Russia jointly compelled Ukraine to sign the Russia-U.S.-Ukraine Agreement on destroying all the nuclear weapons in Ukraine within a prescribed time. This was regarded by Clinton as a "breakthrough" in "strengthening the security and stability of Ukraine, the United States, and Russia and the world as a whole." Western media also believe that this is the only substantial achievement scored in the recent summit. Nevertheless, a demonstration against the agreement was held in Ukraine during the signing of the agreement by the three parties. The Ukrainian parliament ratified the agreement on 3 February but refused to approve the nuclear nonproliferation treaty. As the political situation in Ukraine is unstable and the people have heightened their vigilance against the rising tendency of Russian nationalism, the Ukrainian Government will encounter numerous problems in implementing the three-party agreement. Since the destruction of nuclear weapons is to be completed within 7 years, some experts believe that even if the political troubles are ruled out, the question of Ukraine's nuclear problem is far from being resolved technologically and in terms of funds and timing.

Not Yet Mature

Despite the achievements attained at the recent meeting and the enhanced ties between the two countries, it is "probably too early" to say that the two countries have entered a "mature new stage of strategic partnership." According to the general understanding, a "mature strategic partnership" refers, at the very least, to ties of mutual trust, equality, and comprehensive cooperation. Viewed from the current situation, however, the United States cannot rest assured of the development of Russia's domestic situation. Not long after Clinton met with and extended his regards to Gaidar while in Russia, Gaidar and Fyodorov, who were regarded as "symbols of reform," left the government. The U.S. media believe that this is a sign of a slowdown in Russia's economic reform. After the meeting, some American experts insisted that the rise in Russia's nationalism and the forces of the former Communist Party constitute a component part of Russia's political reality. Russia's internal and external policies will undoubtedly be conditioned and influenced by these forces. The uncertain factor in Russia's policies toward the West will increase and trouble might crop up in U.S.-Russian ties. Because of Russia's unstable internal and external policies, some experts of the U.S. Heritage Foundation and Carnegie Endowment for International Peace believe that U.S.-Russian "cooperation will reduce" and "the prospects are dreadful." Regarding Russia, it also strongly distrusts the United States. Even Foreign Minister Kozyrev, who is regarded as pro-Western, expressed the following view: No Western power has truly shown concern for Russia's revitalization. Such a mentality of the two sides not trusting each other is bound to affect the "strategic partnership" between the two countries.

Second, U.S. policy toward Russia is immature. During Clinton's stay in Russia, the United States indicated that there should be more "treatment" and less "shock" in Russia's reform. When there were indications of a readjustment of the economic reform policies introduced by the new Russian Government not long after the meeting, the call within the United States urging Russia not to slow down the pace of economic reform immediately took the upper hand. Newly appointed deputy secretary of state Talbot, who was ambassador-at-large to the former Soviet Union, has openly said that if Russia slows down its economic reform, "the date for it to receive the \$1.5 billion loan from the IMF will continue to be postponed." The U.S. Congress also criticized Clinton once again for putting all his stake on Yeltsin. Thus, it can be seen that U.S. policy toward Russia can mature only after a period of exploration.

Third, U.S.-Russia cooperation on international issues is limited. During the recent meeting, although Yeltsin expressed support for NATO's establishment of a "peaceful partnership" with Eastern Europe, he also said that it was one of the options for building a new Europe. In fact, Russia still keeps a wary eye on the U.S. eastward strategy. Regarding the region covered by the former Soviet Union, Clinton stressed at the meeting that the "independence gained by Russia's neighbors must be respected" and hoped that "Russia could totally withdraw its troops from the three Baltic states this year." Yeltsin once again indicated that Russia assumed a "special status" and "leadership" over the region of the former Soviet Union. The tunes by the two leaders were not in harmony. In his State of the Union Message on 25 January, Clinton pointed out that action by the Russian troops in the neighboring countries should be taken only in light of the agreements reached with the parties concerned and based on international rules. Apparently, the purpose was to check Russia's "re-expansion" in the former Soviet Union. On the second day after Clinton's remarks, Zhatulin, chairman of Russia's CIS Affairs and Overseas Russian Liaison Committee, told the press: "Everyone knows that these nations (countries of the former Soviet Union) are within Russia's sphere of influence." On other international issues involving their vital interests, the two countries will not easily make concessions for the sake of the so-called "strategic partnership."

In a word, the strategic interests of the two countries and their geopolitical positions determines their so-called "global strategic ties of cooperation" can only be established on the basis of bargaining and maintaining the interests of each side. Being opponents as well as partners, rivalry as well as cooperation will continue as the main line of U.S.-Russian ties for some time to come.

Central Eurasia

XINHUA Interviews Russia's Chernomyrdin on Upcoming Visit

OW2505173894 Beijing XINHUA in English 1616
GMT 25 May 94

[Text] Moscow, May 25 (XINHUA)—Russian Prime Minister Viktor Stepanovich Chernomyrdin said here

today that the great potential in Sino-Russian relations is far from being fully developed, and suggested that his forthcoming visit to China would promote the relations.

In an interview with XINHUA in his office today before leaving for Beijing on an official visit, Chernomyrdin said he is expecting his visit to China to be successful.

He said Russia and China should maintain a normal relationship of good neighborliness, and the governments of the two countries should create better conditions for developing cooperation in trade and science research.

He said the 1992 visit to China by President Boris Yeltsin was a big push for the development of relations between the two countries, and that they have been growing smoothly ever since.

"One of the fruits of President Yeltsin's visit to China, was the increase in trade volume between the two countries which reached eight billion U.S. dollars in 1993," he said.

Chernomyrdin added that there are a lot of things which link Russia and China and there is a good basis for maintaining a relationship of good neighborliness between the two countries.

He suggested that the two countries increase personnel exchanges.

"There were a lot of Chinese experts studying in Moscow, St. Petersburg and other Russian cities once upon a time. Now quite a number of them are in key positions in China. This tradition should be carried on by us. We are glad to see more Chinese delegations visiting and it is also possible that we would like to send university students to China, which is very important," said Chernomyrdin.

He emphasized that the two countries should expand cooperation and exchange in scientific research.

He said he also expected to sign a number of agreements of cooperation with Chinese leaders on such matters during his stay in Beijing.

On trade relations between the two countries, Chernomyrdin said the governments of the two countries should create better conditions for development and simplify the procedures of trade and cooperation.

Chernomyrdin, Envoy to Russia Discuss Upcoming Visit

OW2505195094 Beijing XINHUA in English 1453
GMT 25 May 94

[Text] Moscow, May 25 (XINHUA)—Russian Prime Minister Viktor Stepanovich Chernomyrdin said today that he expects his forthcoming visit to China to be successful.

During a meeting here Chernomyrdin exchanged views on relations between the two countries with Chinese Ambassador to Russia Wang Jinqing. Both of them agreed that Chernomyrdin's trip will push forward bilateral relations.

Russian Prime Minister Leaves For Beijing

OW2505182194 Beijing XINHUA in English 1810 GMT 25 May 94

[Text] Moscow, May 25 (XINHUA)—Russian Prime Minister Viktor Chernomyrdin left here Wednesday [25 May] evening for Beijing on a four-day official visit to China.

During his first trip to China the Russian Government head is expected to discuss with Chinese leaders on how to further develop bilateral good-neighborly and friendly relations and expand and deepen trade-economic ties between China and Russia.

The two sides are also expected to sign a package of documents.

Chernomyrdin will also visit Shanghai, the largest industrial city in China, and the Chinese port city of Dalian.

In an interview with XINHUA earlier on Wednesday, the Russian prime minister stressed the need for the two governments to create still more and more fine conditions for furthering trade-economic cooperation in various fields.

The trade volume between the two countries reached about 8 billion U.S. dollars in 1993.

Russian President Boris Yeltsin visited China in 1992.

Chernomyrdin Arrives in Beijing

OW2605013594 Beijing XINHUA in English 0113 GMT 26 May 94

[Text] Beijing, May 26 (XINHUA)—Russian Prime Minister V.S. Chernomyrdin and his party arrived here by air this morning.

The Russian prime minister came here for a four-day official visit to China at the invitation of his Chinese counterpart Li Peng.

This is the first-ever visit to China by a Russian prime minister.

Further on Arrival

OW2605031694 Beijing XINHUA in English 0248 GMT 26 May 94

[Text] Beijing, May 26 (XINHUA)—Russian Prime Minister V.S. Chernomyrdin and his party arrived here by special plane this morning.

Chernomyrdin is here for a four-day official visit to China at the invitation of his Chinese counterpart Li Peng.

This is the first-ever visit to China by a Russian prime minister.

He Guangyuan, chairman of the Chinese Government Reception Committee and minister of the machine-building industry, and Deputy Foreign Minister Dai Bingguo greeted the Russian guests at the airport.

In a brief interview with Russia's ITAR-TASS and China's XINHUA news agencies at the airport, Chernomyrdin said his visit is a follow-up to President Yeltsin's 1992 trip to China.

A large number of Russian Government ministers, experts and entrepreneurs are accompanying Chernomyrdin. A batch of co-operation documents are expected to be signed by the two governments, Chernomyrdin said.

"Russia and China are two traditionally friendly neighbors," he said. "The two countries should maintain and further enhance their normal and friendly relations."

The Russian prime minister wished the friendship between the two peoples further progress and the Chinese people a happy life.

Russian Deputy Prime Minister Shokhin, who arrived here earlier, and Russian Ambassador to China Rogachev were among those at the airport to greet Chernomyrdin and his party.

According to his schedule, Chernomyrdin will visit the Forbidden City and the Great Wall today.

This afternoon Chinese Premier Li Peng will host a welcoming ceremony in his honor.

Officials Welcome Premier

OW2605061994 Beijing XINHUA Domestic Service in Chinese 0417 GMT 26 May 94

[Text] Beijing, 26 May (XINHUA)—At Premier Li Peng's invitation, Russian Federation Government Chairman (Prime Minister) Chernomyrdin arrived in Beijing by special plane this morning for a four-day visit to China. The visit is the first of its kind.

At 0905 [0105 GMT], the Il-62 special plane carrying Chernomyrdin touched down at Shoudu Airport in Beijing. He Guangyuan, chairman of the Chinese Government Reception Committee and minister of the machine-building industry, and Vice Foreign Minister Dai Bingguo stepped forward to cordially shake hands with Prime Minister Chernomyrdin. Two Chinese girls presented flowers to the Russian guest.

Thereafter, Chernomyrdin was briefly interviewed at the airport by ITAR-TASS and XINHUA reporters. He noted: This visit is intended to build on the results of

President Yeltsin's trip to China in 1992. He brought along with him on his current trip a large number of government ministers, experts, and entrepreneurs. He expressed the belief that Russia and China would sign some cooperation agreements.

Chernomyrdin said: "Russia and China have traditionally been friendly neighbors. The two countries should maintain and develop their normal friendly relations." He wished the friendship between the Russian and Chinese peoples further progress and the Chinese people a happy life.

Russian Deputy Prime Minister Shokhin, who had arrived in Beijing earlier, and Russian Ambassador Rogachev also greeted Chernomyrdin and his party at the airport.

Chernomyrdin will tour the Forbidden City and the Great Wall today. In the afternoon, Premier Li Peng will host a ceremony to welcome the Russian guest.

Li Lanqing Meets Russia's Shokhin at Trade Meeting

OW2505153594 Beijing XINHUA in English 1246
GMT 25 May 94

[Text] Beijing, May 25 (XINHUA)—The second meeting of the Sino-Russian Joint Commission on Economic, Trade, Scientific and Technological Cooperation was held here this afternoon.

Chinese Vice-Premier Li Lanqing and visiting Russian Deputy Prime Minister Aleksandr Shokhin co-chaired the meeting and they exchanged opinions on issues of furthering bilateral economic, trade, scientific and technological cooperation in a constructive way.

Li said that Sino-Russian economic and trade relations have made much progress, with bilateral trade volume last year reaching 7.7 billion U.S. dollars, nearly twice the highest figure between China and the former Soviet Union.

He noted that there is vast potential for bilateral economic and trade cooperation, for bilateral trade volume last year only made up less than 4 percent of China's total foreign trade volume.

Both countries agreed that their two highly complementary economies and their location provide a good base for furthering bilateral economic and trade relations.

Although the Sino-Russian trade volume is not very big, Li said he believes that Russia will become an important trade partner of China.

They also exchanged opinions on existing problems in bilateral economic, trade, scientific and technological cooperation.

Russian Minister Davydov Views Sino-Russian Trade

OW2605034694 Beijing XINHUA Domestic Service in Chinese 0927 GMT 25 May 94

[By reporter Hu Hanying (5170 3352 5391)]

[Text] Moscow, 24 May (XINHUA)—Russian Minister of Foreign Economic Relations Oleg Davydov pointed out: Sino-Russian economic and trade relations will become healthier and more mutually beneficial, and have bright prospects for further development.

Davydov made the statement during a recent interview with this XINHUA reporter.

While reviewing the past, Davydov said: Since 1992, both Russia and China have been implementing measures that encourage bilateral trade. Consequently, Sino-Russian bilateral trade value in 1992 was \$5.862 billion, up 50 percent on the trade value between the former Soviet Union and China in 1991. In 1993, Sino-Russian trade continued to grow, reaching \$7.679 billion, an increase of 30.9 percent over that of 1992; out of the total, Russian exports to China increased 41.4 percent, and imports from China rose 15.2 percent. He said: In 1993, China became Russia's second largest trading partner; Germany topped the list.

The foreign economic relations minister frankly admitted: In the first quarter of 1994, Sino-Russian trade value has slid temporarily, down 43.5 percent over the same period of 1993. Analyzing major reasons for the declined trade value, Davydov said: Russian industrial output has been dropping; commodity prices have been rising; and transportation expenses have increased. All these factors have adversely affected the commercial organizations' enthusiasm to export. Meanwhile, fewer Russian resources for exports, higher customs duties, and governmental supervision over the export of raw and semifinished materials are other contributory factors that have led to the lower trade value. Additionally, Russian consumer markets have been relatively saturated with commodities imported from China.

Minister Davydov believed: The downward trend in Sino-Russian trade is temporary, because further expanding bilateral economic cooperation suits the mutual benefit of both countries. He proposed: Bilateral trade issues that need to be resolved most urgently at present are as follows: Both countries should ensure smooth traffic on transportation routes. In accordance with changed circumstances, both countries should amend the original Sino-Russian bilateral trade agreements so that they will be compatible with the new conditions. The central banks of both countries should reach an agreement whereby some trading transactions, other than state-level trading transactions, can be settled with their own currencies. Both countries should improve policies on bilateral trade that is state-regulated. Furthermore, both countries should provide reliable information for entrepreneurs and traders in the

two countries. They should also resolve debt issues remaining between them from the past.

Davydov expressed his belief: Russian Prime Minister Chernomyrdin's upcoming visit to China will facilitate Sino-Russian economic and trade cooperation to develop in a healthy and stable manner.

Russia To Grant License To Manufacture Su-27 Fighters

HK2605073094 Hong Kong LIEN HO PAO in Chinese 26 May 94 p 9

[By reporter Kuo Hung-chih (6753 1347 3112): "Russia To Authorize China To Manufacture Sukhoi Su-27 Fighters"]

[Excerpt] Russian Prime Minister Viktor Chernomyrdin arrives in Beijing today for a four-day visit. Aside from discussing economic issues with Beijing, he will conclude with the Chinese side a final agreement on authorizing the latter to manufacture Sukhoi Su-27 fighters.

According to a source in Beijing, China is discussing the issue of transferring manufacturing techniques for Su-27 fighters. Beijing is very likely to gain the license. While meeting with high-ranking Beijing leaders, Chernomyrdin will probably finalize the move. The mainland has purchased 26 Su-27's from Russia and an order for another 26 Su-27K's is under negotiation.

Apart from matters related to the Su-27, Chernomyrdin will reportedly discuss cooperation between the two countries in the hi-tech field, including cooperation in the hi-tech defense area.

Aleksandr Shokhin, deputy Russian prime minister and head of the Russian side of the "Russian-Chinese Economic, Trade, Scientific, and Technological Council," yesterday called upon Liu Huaqing, vice chairman of China's Central Military Commission. Though both sides did not disclose the specific contents of the meeting, it is believed that they must have touched upon arms deals. Shokhin is responsible for trade with China, while the arms deal is part and parcel of bilateral trade.

Shokhin came to Beijing to attend the "Russian-Chinese Economic, Trade, Scientific, and Technological Council" meeting due to open on next Tuesday. The meeting is scheduled to be held once a year, but it has been 18 months since the last meeting. In the first quarter of this year, the bilateral trade volume dropped by 43.5 percent compared with the same period last year. The coming meeting is designed to clear away obstacles hindering the expansion of bilateral trade. [passage omitted]

Southeast Asia & Pacific

Yunnan Provincial Governor Ends Burma Visit

OW2505211694 Beijing XINHUA in English 1244 GMT 25 May 94

[Text] Yangon [Rangoon], May 25 (XINHUA)—Governor of Yunnan Province of China He Zhiqiang and his party today concluded the ten-day goodwill visit to Myanmar [Burma] after signing a minutes of discussion.

The minutes, signed here this morning by Myanmar Minister for National Planning and Economic Development Brigadier General Abel and Governor of Yunnan Province of China He Zhiqiang, said that during the visit, the governor and delegates were cordially received by Senior General Than Shwe, chairman of the State Law and Order Restoration Council (SLORC) and Myanmar prime minister.

At the calls with the Myanmar ministers concerned separately, cordial, friendly and frank discussions were held for closer economic development, technical and trade cooperation, promotion of cultural exchange between neighboring Yunnan Province and Myanmar, the minutes said.

Also discussions were held on matters related to progress of border areas and development affairs, the minutes added.

During the visit, He Zhiqiang and his delegation also visited Mandalay, Lashio, Bhamo and Myitkyina.

Some contract agreements including the contract agreement for purchasing railway machinery and equipment were signed here.

On the basis of the exchange of opinions between the two parties, continuation of discussions shall be made on the some subjects including construction of roads in border area.

At the invitation of Myanmar Minister for National Planning and Economic Development Brigadier General Abel, Yunnan governor paid the visit, accompanied by the City of Kunming Mayor Wang Tingchen and head of the Foreign Affairs Office of Yunnan Provincial Government Feng Shusen and an 18-member economic cooperation mission.

Spokesman Confirms Support for Sihanouk Peace Efforts

BK2005155994 Beijing China Radio International in Cambodian 1030 GMT 20 May 94

[Text] At a news conference in Beijing on 19 May, when asked for China's reaction to a roundtable meeting proposed by His Majesty Norodom Sihanouk in Pyongyang to which Chea Sim, Prince Krompreah Norodom Ranariddh, Hun Sen, and Khieu Samphan had been invited, Chinese Foreign Ministry spokesman

Wu Jianmin said: We praise and fully support the efforts by His Majesty Norodom Sihanouk to achieve national reconciliation and preserve peace and stability in Cambodia. We also firmly hope that all Cambodian leaders will place national interests above all, understand one another, soften their positions, and strive jointly to achieve national reconciliation.

Cambodia's Sihanouk Leaves Beijing for Pyongyang

OW2605091794 Beijing XINHUA in English 0911 GMT 26 May 94

[Text] Beijing, May 26 (XINHUA)—King Norodom Sihanouk and Queen Monique left here by special plane today for Pyongyang, capital of the Democratic People's Republic of Korea (DPRK), to host a round-table conference.

He proposed the conference between the Royal Government of Cambodia and the Democratic Kampuchea Party (DKP) on May 17 this year, as an effort to break the deadlock in the peace talks between the two sides.

The proposal was positively received by the National Assembly, Government and DKP, and Chea Sim, president of the National Assembly, Norodom Ranariddh and Hun Sen, first and second prime minister, as well as Khieu Samphan, DKP chairman, will all participate in the conference.

They left for Pyongyang on the same plane today.

Among those who saw them off at the airport were Tang Jiaxuan, Chinese vice-minister of foreign affairs, and Beijing-based DPRK and Cambodian envoys.

Sihanouk and Queen Monique arrived here on May 18, and other participants arrived here on May 25.

Hu Jintao Meets With Lao Senior Cadres' Delegation

OW2405183494 Beijing XINHUA in English 1341 GMT 24 May 94

[Text] Beijing, May 24 (XINHUA)—Hu Jintao, Standing Committee member of the Political Bureau of the Central Committee of the Communist Party of China (CPC), met with a senior cadres' delegation from Laos here today.

The delegation, headed by Boun Nhang Vorachit [name as received], member of the Lao People's Revolutionary Party Central Committee and mayor of Vientiane City, arrived here on May 19 to attend a two-week course here on economics and technology.

During the meeting, Hu, a member of the secretariat of the CPC Central Committee, said China and Laos are friendly neighbors and their peoples have enjoyed a long history of amicable contacts.

Over the past few years, he noted, the relations between the two parties and the two countries have grown smoothly.

Enhancing mutual contacts at various levels and in every field will be conducive to learning from each other and promoting the growth of the good-neighborly ties between the two countries, Hu said.

Noting the achievements that China has made in its reform, opening to the outside world and modernization, Vorachit said it is of important significance for Lao's construction and the cause for its reform and opening up to learn from China's experiences.

Liu Huaqing Meets Thai Army Supreme Commander

OW2305143894 Beijing XINHUA in English 1248 GMT 23 May 94

[Text] Beijing, May 23 (XINHUA)—Liu Huaqing, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, met today with Voranal Aphichari [name as received], supreme commander of the Royal Thai Armed Forces.

Liu, also vice-chairman of the Central Military Commission, expressed the hope to advance the exchanges and cooperation between the two armies and the two countries.

China and Thailand are friendly neighbors facing no conflict of fundamental interests, Liu said, adding that bilateral ties have been growing rapidly since the establishment of diplomatic relations.

Calling China a reliable friend of Thailand, Liu said he expected the supreme commander's visit to help accelerate the contact and cooperation between the two armies and to promote relations between the two countries in general.

After that, Chi Haotian, Chinese State Councillor and defense minister, met with the Thai army leader. Chi said the friendly cooperation between the two armies and the two countries is of significance for maintaining peace and stability in not only the Asia-Pacific but also the whole world.

The Thai supreme commander arrived here Sunday at the invitation of Zhang Wannian, chief of the General Staff of the Chinese People's Liberation Army, who presided over a welcome ceremony for the Thai officers this morning.

SRV Party Delegation Received by Hu Jintao

BK2305135894 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 21 May 94

[Text] In Beijing on 20 May, Comrade Hu Jintao, member of the Political Bureau and Secretary of the Chinese Communist Party Central Committee cordially

received the visiting Vietnamese party delegation led by Vo Tran Chi, member of the Communist Party of Vietnam Central Committee Political Bureau and secretary of the Ho Chi Minh city party committee.

Comrade Hu Jintao warmly welcomed the Vietnamese delegation and expressed the hope that relations between the two countries will be further consolidated and developed.

Earlier, the Vietnamese party delegation visited Shanghai and other localities in China.

Envoy Expects Diplomatic Relations With Palau

*OW2405232494 Beijing XINHUA in English 2253
GMT 24 May 94*

[Text] United Nations, May 24 (XINHUA)—A Chinese delegate said here today China is expecting diplomatic relations with Palau.

"China is willing to develop friendly relations and cooperation with an independent Palau on the five principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence," said Zhang Yan, one of the Chinese delegates attending the 61st session of the UN Trusteeship Council.

A target date of October 1, 1994 has been set for implementation of the compact of free association

between Palau and its administering authority, the United States, the Trusteeship Council was told by representatives of those two governments as the council began today its sixty-first session.

According to the compact, which was signed by Palau and the U.S. in 1982 but only approved last November, Palau will become an independent and sovereign state.

Kuniwo Nakamura, president of Palau, said the next time Palau stood before the United Nations, he hoped it would do so as a sovereign and independent country and as a member state.

Zhang Yan said China has all along supported the people of the trust territories in their efforts for national self-determination and their aspiration for national independence.

"The Chinese people cherish friendly sentiments towards the Palau people, we are looking forward to Palau becoming an independent member of the international community and embarking on the road of economic development and building up the country at an early date," he said.

Palau is situated in western Pacific, one of important waterways to the Southeast Asia from the West.

Now it is the only one UN trusteeship land. In November, 1993, there was a successful plebiscite in Palau, which approved the compact of free association.

Political & Social

Dissidents Demand Tiananmen Reevaluation in NPC Letter

OW2605054694 Tokyo KYODO in English 0532 GMT
26 May 94

[Text] Beijing, May 26 KYODO—A group of Chinese dissidents led by former student activist Wang Dan, has called on the Chinese Government to reappraise the 1989 democracy movement and compensate the families of the victims.

In an open letter to China's National People's Congress [NPC] seen by KYODO NEWS SERVICE Thursday [26 May], seven dissidents said the movement cannot be forgotten because "we firmly believe that the movement had an inestimable effect on pushing history forward."

Wang was seen leaving Beijing on Tuesday with what is believed to have been an official or police escort, a friend of his said.

The letter openly calls on the National People's Congress, "the nation's most powerful organ," to act on three demands concerning the government's evaluation of the 1989 political protests.

The first demand called for reevaluation of the protests as a predominantly student-led, mass patriotic movement and asks that the movement's principles of "peace, reason and nonviolence" be recognized by the government.

"We believe that the government's determination of the event as 'turmoil and counterrevolutionary rebellion' is unfair and should be reappraised at an early date," it said.

The second demand calls for the freeing of "all those arrested in connection with the 'June 4' incident."

Finally the letter calls for "comfort and compensation to the bereaved families who lost family members because of 'June 4'" and the promise to aid those released from jail who have problems reentering society.

Five years ago on June 3-4, 1989, the People's Liberation Army, under government orders, marched on the citizens of Beijing who had come out in support of student protests calling for greater democracy and an end to official corruption.

The government has yet to officially release the numbers of soldiers and citizens killed, or their names, during the period of military intervention.

Estimates range from the hundreds to tens of thousands as tanks, supported by ground troops, rolled over and shot at unarmed citizens as they moved towards Tiananmen Square in the city center.

The letter was signed by four former student leaders who were once on the list of "21 most-wanted students" and

three others, including Li Hai, a signatory of the "peace charter" group of labor dissidents.

"Like the government, we hope for a stable social environment. To solve the 'June 4' problem and untie the 'knot' in the hearts of the people is not only beneficial to appeasing social contradictions...but will also encourage social stability," it said.

Dissidents' Petition Urges Review of Jun 1989 Ruling

HK2605041894 Hong Kong AFP in English 0402 GMT
26 May 94

[Text] Beijing, May 26 (AFP)—The former leader of China's 1989 pro-democracy demonstrations, Wang Dan, called on the government Thursday to overturn its official condemnation of the movement and release all protestors who remain behind bars.

"We believe that the government's ruling that the 1989 movement amounted to chaos and counter-revolutionary rioting is unfair. This ruling must be revised as soon as possible," Wang said in a petition addressed to the standing committee of the National People's Congress (NPC). Six other dissidents involved in the Tiananmen Square movement also signed the document.

The petition also calls on the the release of "all those who are still detained because of their role in the 1989 movement" and "compensation for relatives of the June 4 dead, and help for former prisoners returning to society."

The pro-democracy movement began on April 15 and mobilised millions of Chinese before being crushed by the People's Liberation Army in central Beijing on June 4, 1989. According to an official version of events, 300 people died. Dissidents and observers who were present said several thousand were killed.

Wang's petition said: "This movement was a popular, patriotic and democratic movement, based around students. We were reasonable and non-violent throughout."

"We believe that the June 4 incident is like a 'knot' in the history of the Chinese nation. Today we are at a key moment in reform and opening, and, like the government, wish to have stability," the text, released to the foreign press, said.

The document highlighted the need to promote social stability, build a democratic system and ensure social progress.

"We must undo this knot," it said. "This is why we sincerely wish that the government will take a wise step and take into account the interest of the nation and the future of the state."

"We have never forgotten this event, and we firmly believe that this movement has played a highly important role in the history of our country."

"On the occasion of the fifth anniversary, we exercise our political rights as citizens to issue these public appeals to the standing committee of the PNC, the supreme organ of state," it said.

The petition was signed by Wang Dan, Ma Shaofang, Zhai Weimin, Shao Jiang, Li Hai, Zheng Xuguang and Guo Haifeng.

According to a report released this month by the group Human Rights Watch/Asia, several hundred people are still in prison after being detained during the crackdown.

Political Prisoners Reportedly Released on Medical Bail

HK2605025694 Hong Kong TA KUNG PAO in Chinese 26 May 94 p 2

[Report: "Ding Junze and Ge Hu, Who Were Jailed for Involvement in the 4 June Incident, Have Been Released on Bail for Medical Treatment in Taiyuan"]

[Text] According to information from Beijing, two people who were imprisoned because of their involvement in the 4 June Incident in 1989 in Shanxi Province were recently released on bail for medical treatment and have returned home.

Ding Junze, 53, an associate professor with the Philosophy Department of Shanxi University, was sentenced to 12 years' imprisonment in 1990 by the Taiyuan City Intermediate People's Court on the charge of "counter-revolutionary sedition" and was deprived of his political rights for three years. Ding was recently released on bail by the authorities to allow treatment for heart disease.

Ge Hu, 37, a lecturer with the Coal Management Cadre School of Shanxi Province, was sentenced to seven years' imprisonment in 1990 by the Taiyuan City Intermediate People's Court on the charge of "counterrevolutionary sedition" and was deprived of political rights for three years. Ge was recently released and has returned home to seek medical treatment for his eye disease.

Li Peng, Wu Bangguo, Huang Ju Inspect Shanghai

OW2505152994 Beijing XINHUA in English 1509 GMT 25 May 94

[Text] Beijing, May 25 (XINHUA)—Chinese Premier Li Peng said that the whole nation should support Shanghai's Pudong New Area's development and opening to the outside world, and the area, in turn, should serve national economic growth, reform and opening to the outside.

He made these remarks during his May 23-25 inspection of Shanghai, following his tour of neighboring Jiangsu Province.

He noted that it was a most important decision of Deng Xiaoping's to develop the Pudong Area and to open it to the outside world.

Li, who has gone to Shanghai each year since the central government's decision to develop and open the Pudong New Area in 1990, was pleased to see the great achievement that the new area made in the past few years.

By the end of last year, there were some 3,100 separate domestic investments and some 1,600 overseas investments, attracting a combined overseas investment of 3.27 billion U.S. dollars in contractual volume.

Shanghai is where the Chang Jiang River flows into the sea. The city has a vast hinterland which is quite advanced industrially, and in commerce and transport. A large number of highly skilled and talented people have also gathered there, Li Peng noted.

The central government will continue to give its policy backing to the Pudong New Area since it is still under construction and needs a continuous policy on development and opening to the outside world, he said.

He said Shanghai should be built into one of the world top economic, financial and trade centers.

To achieve that target, he said, Shanghai should make concentrated efforts to make use of the favorable conditions that Shanghai enjoys.

Shanghai should develop international shipping and establish an advanced network of domestic and international transportation, he said. He pointed out that the clearance of the Chang Jiang River course will make it possible for Shanghai to become a world shipping center.

More domestic and foreign trade channels should be opened and specialists on international trade be trained so that the city can become an international trade center, he said.

The service industries, especially finance, trade and shipping, should be developed as a key sector, he stressed. As for the secondary industry, he added that a group of large new and high-tech and export-oriented projects should also be constructed as a new pillar industry for the city.

On agriculture, the premier said that vegetable planting should be stressed and stable farming production centers should take shape in the rural areas administered by Shanghai.

The premier inspected the Pudong New Area and the famous Yangpu Bridge that links the city proper to the new development zone.

Wu Bangguo, secretary of Shanghai Municipal Committee of the Chinese Communist Party, and Shanghai

Mayor Huang Ju, as well as officials from the State Council accompanied him during the tour.

Zhu Rongji, Luo Gan Address Teleconference on Bank Crimes

OW2505161194 Beijing XINHUA in English 1539
GMT 25 May 94

[Text] Beijing, May 25 (XINHUA)—The State Council held a teleconference here today to discuss a campaign to beat swindling, stealing and robbery and to guarantee the safety of funds at banks across China.

At the teleconference, Zhu Rongji, vice-premier and also governor of the People's Bank of China, said that financial crimes, such as cases of swindling, have become an eye-catching problem in the field of finance over the past years.

He urged cadres and staff in the financial organizations at various levels to sharpen their sense of responsibility in protecting state assets and safeguarding state benefits.

He also called for a strict implementation of China's relevant laws, regulations and rules concerning financial affairs, and urged staff of the financial sector to strive to ensure a normal order of China's financial sector.

Zhou Zhengqing, deputy governor of the People's Bank, outlined measures for curbing and preventing swindling, stealing and robbery in the financial and banking community.

Mou Xinsheng, deputy minister of public security, urged public security organizations at various levels to give full support to and closely cooperate with banks in preventing and cracking down on crimes involving swindling, stealing, bank robbery and in protecting the safety of capital in banks.

Public security departments must adopt firm and effective measures to control illicit money made by stealing, bank robbery, and from crimes such as forgery, stealing and reselling at a profit bills of value added taxes, once such crimes are reported to them, so as to avoid or reduce the losses to the minimum, while concentrating manpower to detect and deal with offenders.

Relevant departments of the State Council, financial organizations across the country, the Supreme People's Court, the Supreme People's Procuratorate and officials from other relevant departments attended today's teleconference, which was presided over by Luo Gan, State Councillor and secretary-general of the State Council.

Li Peng Inspects Jiangsu's Bus Manufacturing Plant

OW2605062594 Beijing XINHUA Domestic Service in Chinese 0855 GMT 24 May 94

[By reporters Zou Aiguo (6760 1947 0948) and Yin Xuecheng (3009 1331 2052)]

[Text] Nanjing, 24 May (XINHUA)—In the conference room of Jiangsu's Yangzhou Bus Main Manufacturing Plant, State Council Premier Li Peng asked the plant's director Ju Baocai: "What is the key to efficient operation of state-owned large- and medium-sized enterprises?"

On the morning of 20 May, Premier Li Peng inspected the plant, which produces 5,000 buses annually. Despite a fall in the bus market last year, the plant still produced and sold 4,350 buses with a sales income of 560 million yuan, paid 50.08 million yuan in profit tax, and made 41.62 million yuan profit, a growth of 105 percent over 1992. Because of the success in various technological transformation projects, the plant's principal economic indices have been ahead of its counterparts nationwide for five consecutive years. After viewing the production assembly and workshop, Li Peng held a discussion meeting with the plant's staff in the conference room.

After a brief thought, Ju Baocai answered the premier's question: "The primary requirement is to have a good policy. The city committee and government have given us preferential treatment..."

After noting down the main points of Ju Baocai's remarks, Li Peng asked again: "What you have said is correct, but what is the key issue?"

Comrades attending the discussion meeting became very interested in the premier's quiz of the plant director. Yangzhou City Mayor Shi Guoxing added: "I think the main issue is whether the operating mechanism is flexible or not."

Li Peng said: "This is also an important reason."

Communications Minister Huang Zhendong, who accompanied the premier on his inspection, said: "The key lies with the market."

Li Peng said: "That is correct! I think the key to efficient operation of state-owned large- and medium-sized enterprises lies with the market. Enterprises must gear themselves toward the market and satisfy market demand. In a market economy, state-owned large- and medium-sized enterprises must exploit their edge by producing salable products with the batch processing method. Only then can enterprises be competitive and have their economic efficiency upgraded."

Citing the development of Yangzhou Bus Main Manufacturing Plant as an example, Li Peng further explained: "In the past, your plant repaired automobiles and later produced small-sized trucks. But now you are the nation's largest bus producing plant. Had you chosen trucks, not buses, as your principal products in the first place, could you have won the competition against the First Automobile Works and Second Automobile Works? State-owned large- and medium-sized enterprises not only possess the edge in technological setup and higher quality of their personnel, but also in fine traditions. If they gear themselves toward market

demand based on their actual conditions, select correct development strategies, and actively open up the market, they can definitely move onto the path of vitalization."

The premier's remarks won Ju Baocai's agreement. It is exactly the market that has brought about profound changes to Yangzhou Bus Main Manufacturing Plant. The 3,000-worker bus plant produces its "Ya Xing" buses in six series of large, medium, and light sizes as well as high, medium, and general grades with 45 various models. The products are sold in 30 provinces, autonomous regions, and municipalities nationwide, with part of the products exported. In 1991, Premier Li Peng presented 40 large-sized buses from the plant to the Philippine Government as a gift.

Li Peng offered an analysis: "Of course, we should realize that in the process of deepened reform and transfer to the market economic system, some enterprises have met with some difficulties to varying degrees, and their economic efficiency is low. This is caused by various factors. We should have full confidence in efficiently operating state-owned large- and medium-sized enterprises as well as attach importance to their present difficulties."

Li Peng said: "To efficiently run state-owned large- and medium-sized enterprises, it is necessary to tackle three areas: First, enterprises must be geared toward the market so that their products continue to correspond with domestic and foreign market demands; second, enterprises must establish a good mechanism suited to the socialist market economy; and third, enterprises must attach importance to technological progress as well as enhance their staying power in development and competitiveness."

Ju Baocai told the premier: "During the 'Eighth Five-Year Plan,' our plant invested 150 million yuan in technological transformation in stamping [chong ya 0394 1090], chassis, seat, body works, and assembly line, and we will soon enter the market with a new posture."

Li Peng affirmed: "Good! I have many reasons to believe that through the efforts of everyone, we can definitely run state-owned large- and medium-sized enterprises efficiently. It is groundless for some people to correlate state-owned large- and medium-sized enterprises with poor economic efficiency."

Li Peng left the conference room to view buses of various categories which the plant produces. He entered a double-decker bus with reclining seats, and asked about its performance and price. He also tried the reclining seat and said: "It is very comfortable and suitable for long-distance travel. How is the market for this type of vehicle?" Li Bingcai, secretary of the Yangzhou city party committee, replied: "Supply cannot meet demand." The plant happens to be a contact point for Li Bingcai, who is very familiar with its operations.

Boarding a medium-sized station wagon, Li Peng tried the clutch and brake before starting the vehicle. Under

the premier's control, the "Ya Xing" station wagon moved forward slowly, and hearty laughs and applause filled the plant.

Luo Gan Inspects Hebei Province 18-20 May

*OW2605104594 Beijing Central Television Program
One Network in Mandarin 1100 GMT 23 May 94*

[Announcer-read report over video; from the "National News Hookup" program]

[Text] While inspecting the social order situation in Hebei Province's rural areas 18-20 May, Luo Gan, state councillor and secretary general of the State Council, stressed: Leaders at various levels must properly handle the relations among reform, development, and stability and must list the tasks on maintaining stability in their work schedule. While carrying out economic construction, they should also simultaneously handle tasks on maintaining stability. Nationwide stability mainly depends on rural stability. Once the rural areas are stable, the whole country will be stable. [video shows Luo Gan, accompanied by unidentified local rural leaders, visiting and inspecting various rural localities and addressing and holding talks with different groups of local people]

Luo Gan said: Hebei's drive in strictly cracking down on various crimes in most of its rural areas has yielded a very effective frightening impact. Party and government cadres and personnel of political and law commissions at the forefront have worked very hard, have made concerted efforts, and have made important contributions to safeguarding social stability.

Commenting on ways to maintain rural stability, Luo Gan pointed out: We should properly handle two events: First, we should develop production. Second, we should properly and comprehensively manage social order in rural areas. We should strengthen the development of grass-roots administration and organizations. Once a strong rural leading body is established, it will be able to lead the masses to develop the local economy and safeguard rural stability. We should let mass autonomous organizations, including village self-defense committees [chun zi bao hui] play their proper roles; should intensify the dissemination of general legal knowledge; and should let the broad masses of peasants be more familiar with the law. In particular, we should begin teaching youngsters general legal knowledge. We should resolve contradictions that arise under new historic conditions when they are young and are beginning to develop at an early stage. It is necessary to resolve contradictions at the grass-roots units. By carrying out comprehensive management, we should reduce crimes to the lowest possible level.

Song Jian Views Environment in Henan

HK2605095494 Zhengzhou Henan People's Radio Network in Mandarin 1030 GMT 21 May 94

[Text] Led by Comrade Song Jian, state councillor and chairman of the State Council Environmental Protection Committee, a Huaihe-bound inspection team organized by the National People's Congress [NPC] Environment and Resources Committee and the State Council Environmental Protection Committee arrived in Henan yesterday morning. The inspection team will inspect Henan's environmental protection law enforcement work.

Yesterday morning, provincial and Zhengzhou City leaders, including Li Changchun, Fan Qinchun, Zhong Lisheng, Zhang Honghua, and others, briefed the inspection team on Henan's environmental protection work, discussed with the team problems pertaining to the work, and expressed the hope that the state will provide more assistance to Henan in environmental protection.

After listening to reports made by the Henan leaders, State Councillor Song Jian pointed out: Pollution in the Huaihe valley has already reached an alarming level. If we fail to take effective measures to solve this problem, some tributaries of the Huaihe will soon turn into drainage canals. Having basically solved the problem of food and clothing for the vast majority of the people living along the Huaihe, we should now start making every possible effort to help and guide the masses in the area to free themselves from a dirty environment. Economic development should never harm the environment; rather, it should protect the environment. We should work harder, redouble our efforts, strive to raise the region's social, economic, and environmental efficiencies, gradually formulate and enact stricter environmental protection laws, and ensure that all environmental protection laws are implemented to the letter so as to raise the work of harnessing the Huaihe to a new level.

Provincial party committee Secretary Li Changchun said: As Henan is the source of the Huaihe, the Henan comrades should adopt a highly responsible attitude toward the people and make energetic efforts to further the work of harnessing the Huaihe.

Comrade Yang Zhenhuai, vice chairman of the NPC Environment and Resources Committee, along with comrades in charge of more than 10 state ministries and commissions, also listened to the reports made by the Henan leaders.

Yesterday afternoon, accompanied by Li Changchun, Zhang Deguang, Zhang Honghua, and other provincial and Zhengzhou City leaders, Song Jian and his entourage inspected a project built for the purpose of harnessing the Qingshuihe [Qingshui Lake] and visited Baixian Joint-stock Company Ltd. and Zhongyuan Pharmaceutical Factory.

At the factory, Comrade Song Jian wrote: "Protect the Environment To Benefit This and Coming Generations!"

Li Ruihuan Says Reform Will Benefit Majority

HK2605073394 Beijing ZHONGGUO XINWEN SHE in Chinese 1321 GMT 28 Apr 94

[Text] Beijing, 28 Apr (ZHONGGUO XINWEN SHE)—Li Ruihuan, member of the Standing Committee of the CPC Central Committee Political Bureau and chairman of the Chinese People's Political Consultative Conference [CPPCC], said today that reform will benefit the majority, but will not benefit all the people at the same time or in the same way.

Li made these remarks while meeting with 95 national labor models here.

On the occasion of the upcoming 1 May International Labor Day, Li Ruihuan, on behalf of the CPC Central Committee and State Council, extended his festive greetings to Chinese workers, peasants, intellectuals, and the laboring masses of all nationalities.

For various reasons, he said, living standards of the staff and masses of some departments have not improved remarkably. Some have even encountered temporary difficulties. It is quite natural for the party and government to show concern for them.

Li Ruihuan stated that the trade union serves as a bridge linking the CPC with the masses of workers. Trade unions should regard as their own duties safeguarding the interests of the masses and helping workers resolve difficulties in livelihood, frequently go deep into the realities of life, maintain close ties with the masses, enthusiastically listen to the voice of the masses, know what the masses are thinking, accurately and promptly report the situation to the local party and government departments, do their utmost to resolve difficulties for the masses, meticulously do ideological work well, mitigate contradictions, dispel sulky moods, and win the understanding and support of the masses.

Li Ruihuan once again stressed that China's reform, opening up, and modernization program has entered a new stage. China's overall situation is characterized by "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability." He called on China's working class, the CPC, and the Chinese Government to share a common fate, serve this overall situation, do their own work well in a down-to-earth manner, and give full play to their role as a "vital force" in economic construction.

Qian Qichen Stresses Tourism Development in Sichuan

OW2505120594 Beijing XINHUA Domestic Service in Chinese 0826 GMT 19 May 94

[By reporter Lan Ning (5695 0413)]

[Text] Chengdu, 19 May (XINHUA)—While inspecting Sichuan recently, Qian Qichen, member of the CPC Central Committee Political Bureau, vice premier of the State Council, and concurrently minister of foreign affairs, stressed that the current international and domestic situations are conducive for China to develop its tourism. Localities should take advantage of the opportune time to accelerate the development of the non-trade industry that creates foreign exchange. Especially, we should attach importance to developing and improving tourism software.

Qian Qichen arrived in Chengdu 15 May. During his stay, he attended a national forum of tourism bureau chiefs and heard reports by leaders of Sichuan Province and Chengdu city. Later, he inspected well-known scenic spots in Sichuan and attended the opening ceremony for the 1994 Chinese Cultural Relics and Historic Sites Tour of Leshan International Tourism Buddha Festival on 18 May. While in Sichuan, Qian Qichen extensively exchanged views with Sichuan's leaders and people in charge of tourism from various provinces on the current state of and prospects for tourism development.

Qian Qichen said: China, rich with tourism resources, a long history, and a unique cultural tradition, is a great attraction to the world. Judging from the current international and domestic situations, now is the opportune time to develop tourism. Some Western economies are in recession; and the political situation in some regions, in chaos; while China, developing in a healthy and stable way, has attracted many investors. In three years, Hong Kong will be returned to China. To tourism, this is a great opportunity. We should seize and take advantage of the opportune time. With the launching of economic and financial reforms and the establishment of a socialist market economy in China, China will surely make great headway in developing tourism.

Qian Qichen pointed out: Tourism is a comprehensive industry. Its development depends on various industries such as communications, telecommunications, hotel, and transportation, as well as safety. Tourism development will also give an impetus to the development of these industries. As an outward-oriented industry that creates foreign exchange, tourism represents a major nontrade channel from which China earns foreign exchange. Statistics show that, from 1978 to 1993, foreign exchange income from tourism totalled \$32.1 billion, becoming a major part of China's foreign exchange earnings from nontrade channels. This has laid a good foundation for further development.

Currently, we should improve software and service quality, strengthen safety in travel, and perfect the management system. In 1993, China received some 7 million foreigners who toured China. Tourism is a good channel for foreigners to get to know China. We should leave a good impression on foreign tourists. Qian Qichen also hopes that localities should strengthen production of tourism commodities and develop China into a "shopping paradise" for tourists worldwide. In speaking of

tourism development in Sichuan, Qian Qichen pointed out: As a populated province with abundant tourism resources—a rare favorable condition, Sichuan should concentrate its efforts on development, coordination, and service, so as to make good progress in tourism.

Qian Qichen will inspect other parts of Sichuan on 19 and 20 May. Accompanying Qian Qichen were He Chunlin, deputy secretary general of the State Council General Office, and Liu Yi, director of the National Tourism Administration.

Ding Guangen, Li Lanqing Commend Patriotic Education Meeting

OW2505120694 Beijing Central Television Program One Network in Mandarin 1100 GMT 21 May 94

[From the "National News Hookup" program]

[Text] A national on-the-spot meeting on patriotic education in primary and middle schools was held in Shanghai 18-21 May. The meeting was jointly hosted by the Central Propaganda Department; the State Education Commission; the Radio, Film, and Television Ministry; the Culture Ministry; and the Communist Youth League of China Central Committee. Relevant party Central Committee and State Council leaders showed great interest in the meeting. Comrade Ding Guangen repeatedly gave instructions saying that Shanghai's experiences should be summed up and spread if we wished to hold a successful meeting. Comrade Li Lanqing specially sent a congratulatory letter to the meeting. He asked the meeting to sum up the rich experiences gained by all localities through patriotic education conducted by them in recent years, and to strive to promote patriotic education to a new level.

During the meeting, 180 representatives who hailed from localities across China heard a briefing given by Chen Zhili, deputy secretary of the Shanghai Municipal party committee, on experiences gained by Shanghai's primary and middle schools in conducting patriotic education; they also conducted on-the-spot surveys. The representatives indicated that they would bring home the experiences gained by all localities, particularly Shanghai, and the guidelines from the meeting. They would also earnestly implement the program on implementation of patriotic education and promote patriotic education in primary and middle schools to a new level.

Li Lanqing Greets Education on Patriotism Meeting

OW2505120794 Beijing XINHUA Domestic Service in Chinese 1053 GMT 18 May 94

[By RENMIN RIBAO reporter Wei Yufeng (7614 3768 7364) and XINHUA reporter Liu Jun (0491 6511)]

[Text] Shanghai, 18 May (XINHUA)—The on-the-spot meeting on conducting education on patriotism at primary and secondary schools opened today in Shanghai.

The meeting marked the taking of the concrete steps and measures to further implement the "one guiding principle and four important tasks" proposed by General Secretary Jiang Zemin at the national work conference on propaganda and ideological work.

The meeting, guided by Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and party's basic line, will conscientiously implement the guidelines laid down at the national work conference on propaganda and ideological work; sum up and exchange experiences gained from conducting education on patriotism across the nation in recent years; study ways to implement the "Outlines for Implementing Education on Patriotism" at primary and secondary schools under the new situation; and carry out the education on patriotism at primary and secondary schools in an extensive, in-depth, and lasting manner.

Ding Guangen, member of the CPC Central Committee Political Bureau and member of the CPC Central Committee Secretariat, showed great concern for and attached importance to the education on patriotism. He heard briefings on the convening of the on-the-spot meeting and set forth his demands. State Council Vice Premier Li Lanqing sent a congratulatory message to the meeting. In the letter, he pointed out that it was extremely important to call the on-the-spot meeting on education of patriotism at the primary and secondary schools, to sum up the rich experiences gained from conducting the education on China's contemporary history, on China's current situation, and on patriotism in recent years, and to institutionalize and persist in the system of conducting education on patriotism in the future. This will have a pragmatic significance to publicizing the major trend of the times and patriotism among the youngsters; to carrying forward China's excellent tradition; to promoting the 64-characters on the great enterprising spirit; to using Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics to arm and educate the youngsters; and to training a new generation of people with ideals, morality, culture and discipline for the next century.

Last year, the CPC Central Committee Propaganda Department; the State Education Commission; the Ministry of Radio, Cinema, and Television; and the Culture Ministry, after summing up experiences of conducting education through movies and television across the nation, issued a "Circular on Using Good Movies and Television Programs To Conduct Education on Patriotism at the Nation's Primary and Secondary Schools" and launched the activity of showing 100 patriotic and educational movies across the nation. The showing of 100 movies was welcomed by the broad mass of primary and secondary school students, teachers, and parents and obtained excellent social effect. Representatives attending the meeting called for persisting in this successful experience, for organically integrating this successful experience with educational planning, and for fully bringing into play the roles of movies and television as "lively and three-dimensional teaching materials."

Liu Bin, vice minister in charge of the State Education Commission, spoke on ways of using education on patriotism to do a good job on moral education at primary and secondary schools. He stressed that education on patriotism is the foundation for doing a good job on building socialist spiritual civilization and that it is necessary to fully implement the policy of stressing the building of socialist spiritual civilization. First, he said, it is necessary to do an even better job in laying a foundation for education on patriotism and optimize the social environment for cultivating the people. Second, in addition to turning the schools into places to conduct education on patriotism, it is necessary to use such means as movies, television, books, magazines, and songs to foster students' patriotism. Third, it is necessary to greatly publicize advanced models' patriotism, so as to give play to the demonstrative and inspirational roles of advanced models. Fourth, it is necessary to establish certain protocols and rules, just like those displayed by the squad at the Tiananmen Square that is responsible for flag-raising ceremony, so as to instill patriotism among youngsters.

Liu Yunshang, deputy head of the CPC Central Committee Propaganda Department, presided over the meeting. Chen Zhili, deputy secretary of the Shanghai CPC Committee, attended the meeting to greet its opening and comprehensively and systematically briefed the participants on the experience of conducting education on patriotism at primary and secondary schools in Shanghai.

The meeting was co-sponsored by the CPC Propaganda Department; the State Education Commission; the Ministry of Radio, Cinema, and Television; the Culture Ministry; and the Communist Youth League Central Committee. Some 150 representatives and people in charge of relevant departments from 30 provinces, autonomous regions, and municipalities attended.

Li Ruihuan, Song Ping Attend Handicapped Fund Meeting

*OW2505203594 Beijing XINHUA in English 1449
GMT 25 May 94*

[Text] Beijing, May 25 (XINHUA)—The China Welfare Fund for the Handicapped decided today to donate 500,000 yuan each to two national organizations.

The decision was made at the 10th meeting of the board of the Fund now ongoing here.

The two organizations to receive the donations are the China Youth Volunteers Operation and the China Foundation for Bravery Against Crimes.

Deng Pufang, the chairman of the Welfare Fund, said handicapped people had received generous help from the public, and it was their wish to make a contribution to the progress of society.

The fund for the handicapped was founded on March 15, 1984, and has since received 220 million yuan in donations from home and abroad.

The Fund has in the past decade done a big job in bringing better healthcare, creating more opportunities in work and education for the handicapped in China, the meeting was told.

The meeting also heard the auditor's report on the Fund's income and expenditure and approved an amendment to the Fund's constitution.

The meeting elected Song Ping honorary chairman of the Fund.

Li Ruihuan, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee and chairman of the National Committee of the Chinese people's Political Consultative Conference, and State Councillor Peng Peiyun, attended today's meeting.

Zou Jiahua Urges Cooperation in Providing Electricity

OW2505204194 Beijing XINHUA in English 1535 GMT 25 May 94

[Text] Beijing, May 25 (XINHUA)—China will bring electricity supplies within six years to more than 120 million farmers living in remote and poverty-stricken areas.

All China's counties will get electricity supplies and over 95 percent of farmers' households are then expected to be supplied with electricity, officials said at a meeting here today of the Rural Electrification Working Conference, jointly sponsored by the State Planning Commission, the State Economic and Trade Commission and the Ministry of Electricity Industry.

At the meeting, Vice-Premier Zou Jiahua urged departments of electricity and local governments to cooperate with each other in supplying electricity to the farmers through self-reliance and by exploiting local resources in the poverty-stricken areas so that the local farmers can become prosperous as soon as possible.

China's rural electrification process achieved remarkable progress since the 1960s, sources at the meeting said. By the end of 1993, 97 percent of townships, 93 percent of villages and 89 percent of farmers' households had been able to use electricity.

Per capita annual electricity consumption for the rural population reached 48 kilowatt-hours in 1993, 7.9 times the figure for 1978.

Many large power stations are supplying electricity to the rural areas. Thousands of small thermal or hydro-electric power stations have been built, while wind and solar energy are also being used.

However, there are still 28 counties that have virtually no electricity supply. And about 120 million farmers in a dozen provinces and autonomous regions, mostly in western China, are waiting to get electricity.

Officials said that these areas, often sparsely populated, are the most difficult to be electrified because they are far from the large regional electricity network, their local economic growth is slow and local finance tight.

According to a blueprint on the electrification of China's rural areas in the 1990s which was presented to the meeting by the Ministry of Electricity, most of China's poor villages will be able to use electricity in the coming few years.

Mainland Tightens Control of External Reporters

HK2605070394 Hong Kong HSIN PAO in Chinese 9 May 94 p 2

[Report from Hong Kong by staff reporter: "Chinese Central Authorities Instruct External Propaganda Departments in All Localities to Strictly Enforce Regulations on News Covering Activities of Reporters From Outside the Mainland"]

[Text] Recently, the external propaganda departments in all localities received a central instruction on strictly enforcing regulations on the news covering activities of reporters from outside the mainland. Hong Kong and Macao reporters must first be approved by the XINHUA Hong Kong Branch and invited by local authorities before they can go to the mainland to cover relevant news. Reporters not passing such procedures must not be received.

HSIN PAO was told by officials of the relevant departments in a number of provinces and municipalities that in the past although there were regulations controlling activities of reporters from outside the mainland, many provinces and municipalities were still willing to receive such reporters and arrange news covering activities in order to give broader publicity to the local investment environment. The local authorities did not care whether the reporters came with the approval of the authorities concerned. However, after the Xi Yang incident, the external propaganda departments of all provinces and municipalities received a central instruction which required them to strictly enforce regulations on activities of reporters from outside the mainland. Hong Kong and Macao reporters should first achieve the approval of the XINHUA Hong Kong Branch and the invitation of the local authorities before they can cover news inside the mainland. If any Hong Kong and Macao reporters conduct news covering without such approval, their activities are illegal and must be banned.

Mainland officials also indicated that the number of Hong Kong and Macao reporters who applied to cover news on the mainland recently decreased obviously. In

particular, after Xi Yang was sentenced to imprisonment, many provinces and municipalities received almost no applications to cover news from Hong Kong and Macao reporters.

As for some Hong Kong reporters' boycott of covering news on the mainland, some local officials there said that the Hong Kong reporters should not take such action, which would certainly affect their future work inside the mainland. In the past, when the local governments of the mainland invited Hong Kong reporters to cover news, they often named the institutions and the reporters being invited. If reporters who were invited refused to go or if the mass media organs changed people, the mainland institutions that issued the invitations would have to seek endorsement from the XINHUA Hong Kong Branch again. Now, as some Hong Kong reporters openly signed the boycott statement, it is believed that they will be facing more restrictions from the mainland authorities concerned in the future if they are still invited or if they themselves take the initiative in applying to cover news inside the mainland.

Officials in some south China cities said that because Hong Kong people viewed the case of Xi Yang from an angle different from the viewpoint of mainland people, they quite understood why Hong Kong reporters signed the boycott statement. However, they also hoped that Hong Kong reporters would act more sensibly and would not affect their future work. So far, many provinces and cities have not received the namelist of the reporters involved in the boycott from the XINHUA Hong Kong Branch.

Taiwan Clergyman Expelled From Shanghai

HK2605020294 Beijing ZHONGGUO XINWEN SHE
in Chinese 1414 GMT 23 May 94

[By correspondent Zhao Jinyi (6392 6651 0001)]

[Text] Shanghai, 23 May (ZHONGGUO XINWEN SHE)—Wu Yan-kun, a preacher of the Christian Sunday School Association of Taiwan, was ordered by the Shanghai Public Security Bureau to shorten his visit to Shanghai. Wu returned to Taiwan by air today.

Wu Yan-kun began his activities in the mainland in 1989, and he often visited Shanghai, Beijing, Nanjing, and Xian, where he distributed his own books, "Great Prediction" and "Full Collection of Savior's Messages," and tapes like "Truth of the Cross" and "The Revelation" to propagate "God's prediction" that "the world's doomsday will be in the year of 2018." He spread such heresy as "our days are numbered, so we should commemorate the creator in the declining days in order to move onto the path leading to paradise."

The Shanghai police said that Wu's activities had endangered social security and had disrupted the order of normal religious activities and had produced certain evil effects.

CPC Historian Calls Book on Zhou Enlai 'Fabrication'

HK2605100794 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0816 GMT 3 May 94

[Text] Beijing, 3 May (ZHONGGUO TONGXUN SHE)—Recently, a book entitled *Too Heavy To Call Him Father* has appeared overseas. It is "a work of fiction in the form of an autobiography" that has been copied in turn by several newspapers, to the extent that the readers are puzzled. In Beijing, an authoritative historian specializing in the history of the CPC has read it and said that the story in this fiction is a complete fabrication, and the fiction is a vulgar piece of work that gains fame by deceiving the public.

The author, called "Ai Bei," told a story in her book, saying that Zhou Enlai had had an extramarital affair with "An Ran," a secretary working for the Volunteers. When he knew that "An Ran" was pregnant, he insisted on having the baby, and for this reason he ran into a "marital crisis" with Deng Yingchao. During an interview with the reporters from this news agency, the expert, who has spent a long time researching the history of the CPC, pointed out that the persons who are familiar with China's political environment in the 1950's and those who understand Zhou Enlai's political beliefs and daily life, will be able to tell immediately that this plot is ridiculous.

The expert also said that there was a very rigid security system at the senior level of the CPC, and it was virtually impossible for Zhou Enlai to freely meet with "An Ran," as the book described. If the story in the book were true, then it would have been leaked a long time ago. During the Cultural Revolution, Jiang Qing and her followers dug three meters deep into the ground to collect material to topple Zhou Enlai. If there were such a rumor, then why would they not use it? Why has no one heard about it before?

The expert said that this so-called "work of fiction in the form of an autobiography" was a fabricated story, and that this point is beyond any doubt. A writer has the freedom of creation, but randomly fabricating "an affair" to harm the reputation of a late dignitary and to cheat the public is very mean and immoral behavior. This person, who calls herself "Ai Bei," is in fact not Zhou Enlai's daughter, and her real life background will be uncovered by the people one day. By then the world will know the truth.

Deng Pufang Sets Development Goal For Disabled Services

HK2605055894 Beijing ZHONGGUO XINWEN SHE
in Chinese 1143 GMT 25 May 94

[By reporter Li Wei (2621 0251): "Deng Pufang Pledges To Ensure the Supply of Sufficient Food and Clothing to Disabled People in China by the Turn of the Century"]

[Text] Beijing, 25 May (ZHONGGUO XINWEN SHE)—Deng Pufang, director in chief of the China Welfare Fund for the Handicapped, talked this afternoon about the general development goal of services for the handicapped in China by the turn of the century. As far as the efforts to satisfy disabled people's subsistence needs are concerned, he said, our goal is to narrow the gap between the standard of services for the disabled and the economic and social development level, to give the disabled more opportunities for social involvement and to expand the scope of involvement, to enable them to achieve self-improvement, and to improve their living conditions.

Deng Pufang specified this general goal as follows:

- To solve the problems regarding the supply of sufficient food and clothing to the disabled.
- To raise both the employment rate for disabled people in urban areas and the at-work rate for disabled people in rural areas to about 80 percent.
- To raise the compulsory education enrollment rate for disabled children to 80 percent; and to provide vocational training to about 80 percent of job-awaiting disabled people.
- To assist most disabled people in undergoing rehabilitation training in their own neighborhoods or at home; and to start some urgent and effective rehabilitation projects with a view to rehabilitating about 2 million disabled people.
- To enrich disabled people's cultural life.
- To promote preventive efforts to eliminate the main factors leading to disability.

Deng Pufang talked on this topic during the 10th meeting of the board of directors of the China Welfare Fund for the Handicapped held this afternoon.

He also noted that the services for the disabled in China should be guided by the following principles in the future: 1) To comprehensively enforce the Law on the Protection of Disabled Persons; 2) to implement the development guideline of "stressing real effects and laying down a solid foundation"; to focus on efforts that can meet disabled people's urgent needs, benefit a large part of the disabled population, and promise rapid results and good effects; and to further develop a sound operational and working system, a sound system of policies, laws, and regulations, and a sound infrastructure system for services for disabled people; 3) to adhere to the working principle of "socialized services"; and 4) to give full play to the initiative of disabled people and to the role of organizations of disabled people, so as to enhance the spirit of self-strengthening among disabled people.

The tasks facing Deng Pufang and his colleagues, one should say, are not easy, because quite a lot of difficulties have yet to be solved regarding services for disabled

people in China, even though many achievements have been scored in recent years. The illiteracy rate among the disabled population remains as high as about 60 percent, nearly 80 percent of blind, deaf, or mentally retarded children stay out of school, 40 percent of disabled people are jobless, and most disabled people have no access to rehabilitation or medical facilities. However, as Deng Pufang put it at the board of directors meeting today: "We certainly can do a good job so long as we mobilize all sectors of the community to join our efforts, and work in a down-to-earth and creative manner."

Commentator Urges Journalists To 'Go Deep'

HK2605102294 Beijing RENMIN RIBAO in Chinese
26 May 94 p 1

[Commentator's article: "Journalists Must 'Go Deep'"]

[Text] In the less than four months since the conclusion of the National Meeting on Propaganda and Ideological Work, many prominent and gratifying changes have taken place on our press front. In response to Comrade Jiang Zemin's call, many journalists have studied hard Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. On the other hand, they have gone deep into the realities of life for interviews and investigations and have written a number of good press reports portraying new achievements and experiences in reform, opening up, and socialist modernization as well as the valuable mental attitude of the laborers. An inspiring trend has appeared in "using correct public opinion to guide the people."

To undertake the heavy task entrusted by the party and the people in a more proper manner, journalists should make further efforts to "go deep." Into what should they "go deep?" First, they should go deep into the realities of life. In other words, they should leave their offices and confront the fiery realities of life, instead of just sitting in the editorial room listening to feedback reports, reading material, or editing manuscripts. Second, they should go to the grass roots, namely the rural areas, factories, shops, schools, armed forces units, neighborhoods, and other basic-level units, instead of only visiting leadership institutions. Third, they should stay among the masses. In other words, they should frequently contact or interview ordinary workers, peasants, intellectuals, cadres, as well as officers and soldiers at the grass-roots level, to know if they are happy or sad and to listen to their appeals, instead of only reporting on local or departmental leaders, factory directors, or managers. Filing anecdotes about singing or film stars is even less recommended. Fourth, they should go deep into the "focus" of society. In other words, they should meticulously investigate crucial problems involving reform, development, and the stability of the situation, as well as hot issues in society about which the masses have complained strongly; they should make penetrating judgments instead of filing commonplace reports.

"Going deep" is an essential demand of our party in exercising leadership over socialist journalism. Only by "going deep," can journalists: Accurately find out about the real situation at every social stratum; promptly grip the pulse of the era; provide valuable information for leading institutions to formulate up correct policies; form links with the masses and serve them; file excellent reports and help foster talented people; and only by "going deep," can our journalism take deep root in the fertile soil of the people, yield good results, and last for a long time. In short, only by "going deep," can our journalists make due contributions to the great cause of building socialism with Chinese characteristics.

In "going deep," not only must journalists make a "physical appearance" but, more importantly, they should also be "mentally engaged." They should cherish a genuine intention to and a strong demand on "going deep." If they make a physical appearance in the grass roots and among the masses without their minds being engaged, this type of "going deep" does not mean much, nor will it produce good results. To be "mentally engaged," first, they should solidly cultivate the idea of serving the people and socialism. Which people to serve is a fundamental question, the settlement of which will provide a basis for "going deep." Second, journalists should have the spirit of hard struggle. Conditions are generally arduous in grass-roots units, particularly in some remote regions, old revolutionary base areas, ethnic areas, and poor areas. Before going to these places, journalists should be mentally prepared for a tough life. Third, they should resolutely oppose and resist the temptation of "compensatory press reports." For a time in the past, "compensatory press reports" were prevalent and corrupted the minds of some journalists. How could they go deep into the realities of life or stay among the masses? This was a tragedy for the journalists. Greater efforts should be made to stop this evil practice from recurring.

In the last few months, many fraternal press units have used their brains and worked out ideas on "going deep" and they have introduced many good columns and programs and published many good articles. RENMIN RIBAO and RENMIN RIBAO OVERSEAS EDITION have also made some efforts in this respect and achieved certain results, which have been confirmed by the readers. But there is still room for improvement. Facts prove that to do a better and more brilliant job in "going deep," the crux is that press unit leaders should have a strong sense of "going deep," draw up an excellent plan regarding "going deep," and work out practical measures for "going deep." Moreover, they should act as a good example in "going deep." Of course, press agency directors and chief editors are not like ordinary editors or reporters. Their main task is to give consideration to the overall work and drawing up an overall plan, instead of filing press reports. However, when necessary, they should also "play an exemplary role." This is quite beneficial.

Comrade Jiang Zemin proposed the following to journalists: "Study, study, and study further; go deep, go deep, and go deeper." These 14-character instructions point out the path for journalists to grow healthily and should thus become a motto for editors and reporters. We should take the achievements already made in our study and going deep as a new departure point to exert ourselves and blaze a new trail in journalism!

Military

Liu Huaqing Stresses Developing Hi-Tech Defense

OW2505055994 Beijing XINHUA Domestic Service in Chinese 0949 GMT 20 May 94

[By XINHUA reporter Tang Weibin (0781 5898 1755), and HUBEI RIBAO reporter Jiang Zuosu (3068 0155 5685)]

[Text] Wuhan, 20 May (XINHUA)—During his recent inspection tour in Hubei, Liu Huaqing, member of the CPC Central Committee Political Bureau and Vice Chairman of the Central Military Commission, stressed: We must accelerate the development of defense industries as well as the modernization of defense through the application of high technology. Meanwhile, defense industries should contribute more to the national economic development by serving economic construction, which is today's central task.

Liu Huaqing said: Revolutionaries of the older generation care very much about national defense. Not only have they written a lot of incisive works on defense, but have also personally directed and organized many major research projects. Defense industries have made new headway in recent years as a result of the leadership of the party central committee, the State Council, and the Central Military Commission. From now on we must work even harder and continue to press forward to live up to the expectations of the revolutionaries of the older generation.

Liu Huaqing noted: Having been tempered and nurtured for decades, Chinese scientists, technicians, and administrators working for defense industries have become quite proficient. Considering hard work and selfless dedication an honor, they have contributed significantly to China's defense through giving full scope to their talents and capabilities. Because we have such invaluable people, the modernization of China's national defense is highly promising.

Liu Huaqing said: Defense industries must closely follow the world's rapid development of high technology. The development of our own advanced technology should be organically combined with purchases of advanced technology from abroad, and we must make constant efforts to improve these technologies so that they can serve our strategic policy, namely "active defense." Under the premise of ensuring our technology's systematicness [xi

tong xing 4762 4827 1840], integrity, and reliability, we must from now on set higher standards for our development and make constant efforts to attain new goals. Meanwhile, we must set strict requirements for management, underscore quality, and work meticulously. By no means should we do our work formalistically.

Liu Huaqing stressed: China now gives top priority [shou wei 7445 0143] to economic construction, which is the center of everything. Defense industries should also obey and serve the needs of economic construction, and give local industries and economies the support they need for development.

During his inspection tour in Hubei, Liu Huaqing also visited the Wuchang Shipyard to understand its production and to see the cadres and workers there. He also inspected the Wuhan Changfei Optical Fiber Cable Company and the Tonghu High-Technology Development Zone. In Yichang, he also inspected the Three Gorges Project and the Gezhouba Power Plant, and heard briefings of the dam's construction and the plant's management.

Accompanying Liu Huaqing during the inspection were Hubei Governor Jia Zhijie and leaders of relevant departments.

Jiang Zemin Meets Army Division in Chengdu Region

OW2605053894 Beijing XINHUA Domestic Service in Chinese 0653 GMT 24 May 94

[By reporter Tan Daobo (6223 6670 0590) and correspondent Zeng Hong (2582 4767)]

[Excerpt] Chengdu, 24 May (XINHUA)—The officers and men of a certain division in the Chengdu Military Region have seriously studied and implemented the party's nationality policy, promoted unity within and outside the division, and advanced all aspects of army building, social stability, and social progress through unity among various nationalities. During a meeting with the officers and men, Jiang Zemin, chairman of the Central Military Commission, encouraged them to serve as models of nationality unity, as well as staunch defenders of the motherland.

The division is stationed in a minority area. Approximately half of the troops are minority nationalities. In light of this situation, the division party committee has, over the years, carried out education about the party's nationality policy among the troops, fostering a heartening atmosphere of mutual respect, mutual assistance, and close unity between officers and men, as well as among comrades-in-arms, who have made joint contributions to army building. The troops have always been the forerunners in conducting military training, performing duties related to combat readiness, and carrying out other missions; they have always been models of internal unity. [passage omitted]

Zhang Zhen Visits Troops in Henan, Jiangsu OW2505043094 Beijing Central Television Program One Network in Mandarin 1100 GMT 24 May 94

[From the "National News Hookup" program]

[Text] [Video shows Zhang Zhen exchanging greetings with soldiers in an open area and later viewing Army personnel working at computer terminals in a room] Zhang Zhen, vice chairman of the Central Military Commission, held investigation and study visits to troops stationed in Henan and Jiangsu from 22 April to 21 May. He visited military organizations, institutions, companies, and training sites to discuss issues on training reform with officers and men. He stressed that institutes of all kinds must focus on the future and strive to upgrade soldiers' political, military, educational, and management quality.

Zhang Zhen pointed out: In Army training and institutes' educational reform, it is necessary to uphold the guidance of Mao Zedong's military thought and Deng Xiaoping's concept of Army-building during the new period, as well as to firmly upgrade cadres' quality in accordance with Central Military Commission Chairman Jiang Zemin's five demands in Army-building, to carry out the Army's fundamental duties better.

Fu Quanyou Comments on Importance of Studying Deng's Works

OW2605054894 Beijing XINHUA Domestic Service in Chinese 1112 GMT 25 May 94

[By reporter Zhang Dongbo (1728 2639 3134)]

[Text] Beijing, 25 May (XINHUA)—Speaking today at a rotating training class in Volume 3 of the *Selected Works of Deng Xiaoping*, attended by division-level leading cadres of the General Logistics Department, Fu Quanyou, member of the Central Military Commission and director of the General Logistics Department, emphatically said: In studying Volume 3 of the *Selected Works of Deng Xiaoping*, it is imperative to make unremitting efforts and persevere in integrating theory with practice and in putting what one has learned to good use, to achieve results in pushing forward the reform and construction of the Army's logistic work.

Fu Quanyou pointed out: Since the beginning of this year, the party committee of the General Logistics Department has paid attention to its central group's study programs. It has sponsored two rotating training classes for division-level leading cadres. Meanwhile, various units have sponsored more than 70 rotating training classes for regiment-level cadres. The overall result of these training classes is good. But we should have a sober understanding that such an effort is just a beginning. Only by studying continuously can we adapt to the new situation and meet the requirements of our tasks. We must persist in carrying out Chairman Jiang

Zemin's important instruction: "Constantly and repeatedly study Volume 3 of the *Selected Works of Deng Xiaoping* and put it on top of the agenda."

Fu Quanyou said: The most outstanding feature of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is the high degree of integration of its scientific nature with its practical nature. In studying Volume 3 of the *Selected Works of Deng Xiaoping*, we must achieve results in solving practical problems. First of all, in the light of the overall situation of the party's work, we must have a profound understanding of the relations between "reform, development, and stability"; strengthen our self-conscientiousness in carrying out the general goal; and resolutely follow the instructions of the CPC Central Committee and Central Military Commission with Comrade Jiang Zemin as the core so as to better ensure the reform, opening up, and modernization drive. Secondly, in the light of realities in the market and on the battlefield, it is necessary to apply Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the ideology of Army-building in the new period to guide practical logistics work. It is imperative to emancipate the mind, blaze new trails, and work hard to meet the requirements of modern war and the market economy so as to achieve the goal of "being assured of adequate logistical support." Third, in the light of ideological realities, it is necessary to guide the broad masses of officers and soldiers to self-conscientiously improve their world outlook; resist the corrosion of various corruptive thoughts; firmly keep in mind the ideal of serving the people wholeheartedly; maintain the glorious tradition of the old revolutionary Army; carry forward the "five kinds of revolutionary spirits" [wu zhong ge ming jing shen 0063 4429 7245 0730 4737 4377] advocated by Comrade Deng Xiaoping; the "64-character pioneering spirit" [emancipate the mind, seek truth from facts, actively explore new ways, dare to innovate, work hard, press forward in the face of difficulties, learn from foreign countries, constantly improve ourselves, be modest and prudent, guard against arrogance and impatience, work together as one, have national interest in mind, be diligent and frugal, be upright and honest, work vigorously to make the country prosperous, and serve selflessly] advocated by Comrade Jiang Zemin; and strive to carry out a socialist new moral and work style.

Fu Quanyou urged leading cadres at all levels to take the lead in studying Volume 3 of the *Selected Works of Deng Xiaoping* and, through studying, to strengthen their dedication to the work and their sense of responsibility, maintain integrity, foster a good image, and strive to enhance their leading skills and ability to have the situation well in mind.

Zhou Keyu, political commissar of the General Logistics Department, also spoke at the meeting on how to study Volume 3 of the *Selected Works of Deng Xiaoping*.

PLA Logistics Head on Rigorous Troop Management

HK2605065094 Beijing JIEFANGJUN BAO in Chinese
29 Apr 94 p 1

[By Meng Ming (1322 2494) and reporter Peng Zecheng (1756 3419 2052): "While Inspecting Troops, PLA Logistics Department Director Fu Quanyou Calls for Persisting in Rigorous Troops Management and More Effective Logistical Support"]

[Text] Wuhan, 28 April (JIEFANGJUN BAO)—Today, when inspecting a military unit in Wuhan, Fu Quanyou, member of the Central Military Commission and director of the General Logistics Department of the People's Liberation Army [PLA], required the logistics units to follow the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and building the armed forces in the new period, to carry out Chairman Jiang's general instruction of "measuring up to standards politically, mastering military skills perfectly, keep the fine style of work, enforcing discipline strictly, and ensuring logistical support effectively," to effect rigorous troop management, to build and manage strategic warehouses according to high standards and with good quality, to properly manage strategic materials, to improve supplies for the troops, and to comprehensively enhance the troops' fast reaction capacity and strategic support capacity.

Fu Quanyou said: To effect rigorous troop management, we should first give top priority to the work of enhancing the political and ideological integrity of the troops; closely link study of the third volume of the *Selected Works of Deng Xiaoping* with the study of Marxism-Leninism and Mao Zedong Thought, with the study of Chairman Jiang's important speeches and the principles and policies laid down by the party Central Committee and the Central Military Commission, and with the study of the theories and basic knowledge about the socialist market economy; link such studies with the thinking and routine work of the troops; enhance the consciousness and firmness of officers and servicemen in carrying out the party's basic line; keep a high degree of uniformity ideologically and politically, and act in unison with the party Central Committee and the Central Military Commission; and firmly obey the orders of the party Central Committee and the Central Military Commission with Comrade Jiang Zemin as the core at any time and in any circumstances. It is necessary to strictly enforce discipline and take this as the central link in routine troop management. Routine troop management should be combined with routine ideological work. Resolute action should be taken to correct the loose and lax conditions in troop management, discipline enforcement, and the work style of the troops. Troops must act strictly according to orders and instructions issued by the upper commanders. Leading organs and officers must set a good example for their subordinates and men in this regard so that "iron units" in the logistics front will be created. The behavior of the troops must be strictly

brought into line with the relevant orders, rules, and regulations so that a regular and orderly condition can be established in war preparations, training, routine work, and daily lives. Management of war materials must be strengthened, construction and management of infrastructural facilities must be improved, good state of war preparations should be kept for all types of materials, guarantees should be made that necessary materials and equipment will be delivered to the right places as soon as the orders are received, and efforts should be made to ensure implementation of the "Program for the Building of Grass-Roots Units." Fulfillment of all tasks for the logistical organs will eventually be dependent on the work of the grass-roots units. Party committees and commanding organs at all levels should, according to the "Program for the Building of Grass-Roots Units" and Chairman Jiang's five-point general requirement, regularize and guide the work of grass-roots units, attach importance to their work, concentrate attention on their work, guarantee various services for them, improve the ability of the grass-roots party branches to exercise comprehensive leadership, help grass-roots cadres command their men, and improve the material and cultural lives of officers and men so that a solid foundation can be laid for troop building.

Fu Quanyou emphatically pointed out: Party committees and leading organs at various levels of the logistical front should, according to the instructions of Comrade Deng Xiaoping and Chairman Jiang, give education to cadres and soldiers with regard to outlook on life, values, and morals in connection with new conditions and problems; deepen education in patriotism, collectivism, and revolutionary heroism; effectively carry out the activities of "loving the valleys, loving the warehouses, and loving the work posts;" extensively carry out the activities of emulating such heroic figures as Lei Feng and Xu Honggang; guide officer and men to carry forward the "five revolutionary spirits" advocated by Comrade Deng Xiaoping and the "64-character pioneering spirit" advocated by Chairman Jiang, to willingly resist the corrosive influence of the decadent ideology, and to make themselves revolutionary soldiers meeting the "four requirements."

Zhou Youliang, deputy director of the General Logistics Department, accompanied Fu Quanyou to inspect the work of the military unit in Wuhan.

Article Urges Strict Management of Discipline

HK2605060894 Beijing JIEFANGJUN BAO in Chinese
15 May 94 p 1

[Commentator's article: "Exercise Strict Management Over Armed Forces"]

[Text] In strengthening management over the armed forces, there is quite an important point to stress: Management work must proceed in accordance with the

principle of being strict with the armed forces, and style and discipline improvement must be taken as the key issue.

Exercising strict management over the armed forces and strengthening discipline are ancient yet realistic issues. We say these are ancient issues because all philosophers and far-sighted militarists in the past stressed that "discipline is the lifeblood of the armed forces" and explained the basic law of armed forces formation from different perceptions. We say they are realistic issues because our armed forces are in a period of peace and are experiencing the test of reform in the great tide of economic construction. The prolonged peaceful environment and colorful social phenomena are affecting the armed forces through various channels and are causing soldiers to slacken their vigilance and loosen their discipline. In recent years, the class status of personnel in the armed forces has changed a lot. Soldiers had different qualifications before they joined the armed forces and cadres and soldiers have many employment options after demobilization. All these affect their minds, concepts, and behavior. There are all sorts of frictions between an open society and the armed forces' strict disciplinary restrictions and authority. Therefore, some comrades mistakenly think that since the state has implemented many open policies, it is no longer necessary for the armed forces to exercise strict management. Guided by this idea, some units have lowered their criteria and requirements for implementing discipline, and some have even taken the wrong approach of "counteracting" the higher authorities' regulations, decrees, and rules. As a result, some units have relaxed their management and slackened their style and discipline. This situation suggests that the more peaceful the environment and the more open the policy, the more necessary it is for the armed forces to exercise strict management. This is an objective demand for the improvement of the armed forces in peacetime.

In exercising strict management over the armed forces in this new situation, officers and soldiers of the entire armed forces should cultivate this clear idea: Discipline must be enforced to the letter and acting willfully is not permissible. Discipline is a behavior rule all members of the armed forces must strictly observe and is an indispensable condition for the armed forces to survive. As special armed organizations, only by observing strict discipline can the armed forces shape their personnel and complicated equipment into a strong combat collective and build individual and scattered forces into a powerful entity. The Chinese Army's Disciplinary Orders explicitly point out: "Under all circumstances, all soldiers must strictly abide by discipline, and no violations of discipline whatsoever are allowed." We may say that a basic demand on soldiers is strictly and thoroughly implementing discipline. Our armed forces must be able to stand the test of a prolonged peaceful environment and must always preserve the Red Army's tradition of being strict in discipline; at no time should they slacken their vigilance.

Central Military Commission Chairman Jiang Zemin stressed: "Strict management must be exercised over the armed forces. It is necessary to use orders and regulations to standardize the armed forces' behavior." In exercising strict management over the armed forces, it is necessary to strictly implement orders and regulations to strictly implement discipline and to strictly apply the principle of reward and punishment. Orders and regulations are the codes for exercising strict management over the armed forces and serve as the basis for implementing discipline. Whatever situations appear in armed forces management in this new period, we must unflinchingly implement orders and regulations; use orders and regulations to standardize officers' and soldiers' words and deeds, as well as units' war preparedness, training, work, and life order; and cultivate officers' and soldiers' concepts about orders and regulations, as well as their mentality of obeying orders. All commanders and soldiers in the armed forces are equal before orders and regulations. In implementing discipline, "the higher level should set a good example for the lower level to follow," and the practice of "counteracting the policies of the higher authorities" must be overcome to ensure the smooth relay of government and military orders.

Strict management will yield good results and loose management will cause faults. As long as all armed forces units use orders and regulations to train officers and soldiers in strictly observing organizational discipline and following orders and prohibitions, this glorious People's Army of ours will establish stricter discipline, cultivate a fine style, and create the brilliant image of a majestic and civilized army.

PLA Reforms, Reorganizes Commercial Activities

HK2605092194 Beijing JIEFANGJUN BAO in Chinese
29 Apr 94 p 1

[Report by Zheng Jixin (6774 0679 0207) and reporter Ma Chunlin (7456 2504 2651): "All-Army Production and Operation Rectification and Reform Work Are Being Carried Out Comprehensively"]

[Text] The Army-wide production and operation are being reformed and reorganized as planned by the Central Military Commission (CMC). Led by leading officers from the three People's Liberation Army (PLA) general departments, the five joint working groups organized by the three PLA general departments and the CMC General Office headed for various major military units a few days ago to check up on the work and provide guidance. This is an important step by the leading group for reforming and reorganizing all-Army production and operation to implement the policy-decision made by the CMC to shake up the Army's production and operation.

A meeting on Army-wide production and operation was held in November last year. The CMC demanded that centralized and unified control be exercised over production and operation throughout the Army, that offices at all levels never go into commercial production, that

fighting troops do a good job in agricultural and sideline production and non-fighting troops in running industry, and that institutions such as hospitals, warehouses, and scientific research institutes provide pay services to society while fulfilling their work quotas. For this purpose, the CMC further provided that the functions of military units be separated from those of the enterprise and that a separate system of production and operation be set up. In addition, the CMC worked out policies and rules to facilitate the reform and reorganization of production and operation throughout the Army. After the meeting, various major military units completed the tasks of mobilizing officers and men and making preparations for the campaign, and they began to put the CMC's decisions into practice early this year.

The joint working groups will primarily check up on the preparation for and the process of the reform and reorganization work, will understand whether various units' programs for implementing the CMC decisions and their work plan have been brought into line with the provisions laid down by the three PLA general departments and their realities, will find out how the reorganization work has been done, including the number, assets, and receivable and payable debts of the enterprises whose stocks and assets have been reappraised or those that have closed down, suspended operation, amalgamated with others, switched to the manufacture of other products, or severed ties with local enterprises. The groups will also find out how the general departments and various major military units have exercised centralized and unified control over production and operation and how the fighting troops have sorted out and turned over their production and operation projects.

Before the joint working groups set out on the journey, Fu Quanyou, head of the leading group for reforming and reorganizing all-Army production and operation and director of the General Logistics Department, gave a mobilization talk. Zhou Ziyu, Zhang Bin, Xiong Guangkai, Liang Hong, and other leaders from the three PLA general departments attended the mobilization meeting.

Editorial Views Significance of Two 'Regulations'

HK2605071294 Beijing JIEFANGJUN BAO in Chinese
14 May 94 p 1

[Editorial: "A Major Move To Strengthen the Ranks of Officers"]

[Text] The "Amended Active Service Regulations Governing Active Duty Officers of Chinese People's Liberation Army" and the "Amended Regulations on the Military Ranks of Chinese PLA Officers" have been deliberated and approved at the seventh meeting of the Eighth National People's Congress Standing Committee and decreed for implementation by PRC President Jiang Zemin. This is a major move to suit the new situation in state and army reform and construction, to further improve the command and management systems of our Army, and to strengthen the ranks of officers in the new

situation. It is bound to exercise a positive, far-reaching influence in promoting the drive to revolutionize, modernize, and standardized the Army.

The "Regulations on the Military Ranks of Officers" and the "Active Service Regulations Governing Active Duty Officers" were implemented as of 1 July 1988 and 1 January 1989 respectively. Since their implementation, they have played a positive role in straightening out the work relationship of cadres and in improving the quality and maintaining the stability of cadre ranks. On the whole, they have been applicable. With the development in state and army reform and construction, there have been many new developments in cadre work and the building of cadre ranks, and there have been considerable changes in the composition and structure of officer ranks. For this reason, some provisions in the two "Regulations" can no longer completely suit the needs of the new situation and tasks. In the past two years, the Central Military Commission has reaffirmed and formulated many important policies and provisions on cadre work, and some of them need to be defined in the "Regulations." Under the direct leadership of the military commission, by extensively listening to the views of leaders at all levels and all kinds of cadres, conducting full investigation and appraisal, and properly drawing on the experience of foreign armies and local authorities, we have adjusted and supplemented some articles in the two "Regulations." The two amended "Regulations" are more compatible with the objective law governing the building of officer ranks in peace time and the need of our Army building in the new period.

In amending the two "Regulations," we have persisted in taking Comrade Deng Xiaoping's idea on army building in the new period and the relevant instructions of the party Central Committee and the Central Military Commission as the basis, proceeded from the actual situation in our Army, and set our eyes on further advancing the cause of making our ranks of officers more revolutionary, younger in average age, better educated, and more professionally competent. The two "Regulations" have the following features: First, they conscientiously carry out the series of instructions of the party Central Committee and the Central Military Commission on cadre work in the new period and reflect the fine traditions of our party and our Army in cadre work. Before and after the 14th CPC National Congress, Comrade Deng Xiaoping made a lot of brilliant expositions on Army cadre work and the building of Army cadre ranks. In line with the needs of the situation and tasks and the reality of the building of Army leading bodies, the party Central Committee and the Central Military Commission with Comrade Jiang Zemin as the core have further defined many important principles of cadre work in the new period and adopted a series of practical measures. As a result, acute problems in cadre work that have existed for some time have been satisfactorily solved and new achievements and progress have been made in the building of our cadre ranks. These have been fully reflected in the two amended "Regulations" and

made the basic principles in the "Regulations" which must be observed in cadre work more complete. Second, we set our eyes on improving the age pattern of cadre ranks and thus provide an institutional guarantee for the normal replacement of old cadres by the new in leading bodies. The work of selecting and promoting outstanding young cadres and solving the question of successors has a bearing on the long-term construction of the Army and the lasting political stability of the country. The amended "Regulations" have made proper adjustments to the tenure of some officers and the maximum age of active duty officers. Thus, conditions are created for the smooth growth of outstanding young cadres and the echelon formation of leading body members. Third, the two "Regulations" have further defined the post duties of officers and straightened out the chain of command. In line with the post duties of officers, the amended "Regulations on the Military Ranks of Officers" have laid emphasis on revising the table of organization [T/O] ranks for various posts, changing the T/O ranks for the posts of military commission member, chief of staff, and director of the General Political Department from two to one, the T/O ranks for regular military region posts down to deputy division-level posts from three to two, and abolishing the base military ranks [ji zhun jun xian 1015 0402 6511 6902]. Fourth, the two "Regulations" have, as far as possible, taken into account the immediate interests of officers, which is conducive to increasing the cohesiveness of the troops. In recent years, the party Central Committee, the State Council, and the Central Military Commission have adopted a series of measures to solve some practical problems among military cadres. While retaining the previously stipulated benefits, the amended "Regulations" have added some new content. The readjustments of T/O ranks for some professional and technical officers, in particular, have further demonstrated the principle of "respecting knowledge and talents."

The "Active Service Regulations Governing Active Duty Officers" and the "Regulations on the Military Ranks of Officers" are two basic rules governing the cadre work of our Army. All cadres should grasp their implementation with a positive, conscientious attitude. It is necessary to take the two "Regulations" as basic teaching materials and conduct restudy of and reeducation in cadre policies and regulations so that the vast numbers of cadres can gain a profound understanding of the great significance of amending and implementing the "Regulations," master the basic content, and bring their ideas into line with the policy decisions of the military commission and the spirit of the "Regulations." It is necessary to conscientiously subordinate ourselves to the overall interest and correctly approach individual interest. The amendment of the two "Regulations" shows that we have not only proceeded from the overall interest of the state and army building, but also taken into account the immediate interests of officers. Due to the constraints of many factors, some individual desires cannot be satisfied. Through propaganda, education, and thoroughgoing and painstaking ideological work, the vast numbers of cadres

should be made to correctly understand the rationality and scientific nature of the "Regulations" from the needs of the overall situation, to have a stronger sense of dedication and responsibility, and to mobilize their work zeal. In the course of implementation, party committees at all levels should, in line with the requirements of the "Regulations" and in conjunction with the actual situations of their own units, make overall plans and consider the building of cadre ranks in their own units. Attention should be paid to an overall understanding and correct implementation of all policies and provisions in the "Regulations"; we should not oversimplify them nor should we attend to too many things at the same time, or stress one aspect but neglect another. Since the two "Regulations" are legislated and promulgated by the state's highest organ of power, they should be implemented resolutely. Party committees and political organs at all levels must further enhance their awareness of the need to observe the rules, act in strict accordance with the "Regulations," safeguard the inviolability and authority of the "Regulations," and ensure their smooth implementation. In short, we must study, publicize, and implement well the two amended "Regulations," constantly raise military competence, political quality, and scientific and educational levels of the ranks of officers, and push ahead the drive to revolutionize, modernize, and standardize our Army.

Economic & Agricultural

Zhu Rongji Comments on Crackdown on Financial Crime

OW2605075194 Beijing XINHUA Domestic Service in Chinese 1219 GMT 25 May 94

[By Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391) and XINHUA reporter He Ping (0149 1627)]

[Text] Beijing, 25 May (XINHUA)—The State Council called a teleconference at Zhongnanhai this afternoon to make arrangements for the work of "preventing fraud, theft, and robbery; and safeguarding funds security in banks" ["three preventions and one safeguard"]. Zhu Rongji, vice premier of the State Council and governor of the People's Bank of China [PBOC], attended and addressed the meeting.

It has been learned that some criminals have made banks their targets for wantonly carrying out all kinds of financial crimes since reform and opening up to the outside world, particularly during recent years when China accelerated the development of a socialist market economy. Under the leadership of the party Central Committee and the State Council and the strong support of the public security, procuratorial, and judicial departments, banks and finance companies at various levels in the banking system have persistently cracked down on economic crimes; carried out first the activities of "education, cleanup, and rectification" and then the work of "two preventions and one safeguard"—which was

mainly for "preventing fraud and theft, and safeguarding the security of funds in banks"—and scoring some successes since the latter half of 1991.

Zhu Rongji said: At present, criminal activities, such as financial fraud, have become a noticeable problem for the banking system. Cadres, staff, and workers of banking departments at all levels must conscientiously enhance their sense of responsibility for protecting state property and safeguarding state interests; strictly implement the state's banking laws, regulations, and rules; and try hard to improve their political and professional caliber, to make due efforts to guarantee a normal banking order for the state.

In his speech, Zhu Rongji also stated his views on the current macroeconomic situation and the tasks facing the country's banking system.

Luo Gan, state councillor and secretary general of the State Council, presided over the teleconference. PBOC Vice Governor Zhou Zhengqing and Public Security Vice Minister Mou Xinsong addressed the meeting, expressing specific views on resolutely preventing and cracking down on the crimes of financial fraud, theft, and robbery, and safeguarding funds security in banks.

Zhou Zhengqing pointed out: All in all, China's current economic and banking situation is good, with the banking situation continuing its smooth and healthy development, the banking order improving further, and the banking reform advancing steadily. In the course of progress, however, there remain some problems that deserve our attention. Among them, the crimes of financial fraud, theft, and robbery are a noticeable problem most seriously disturbing, damaging, and affecting current financial undertakings, financial reform, and opening up of the financial sector to the outside world. They not only brought to the state tremendous economic risks and losses and endangered the personal safety of bank staff and workers, but also disturbed normal social and banking order, seriously damaged financial institutions' reputation, and posed a serious threat to banking undertakings and even economic development. They will seriously compromise the smooth progress of our reform, opening up to the outside world, and economic construction, should we fail to take resolute, effective measures to stop and prevent their occurrence. Leading comrades at all levels in the banking system must have a clear understanding of this. All banks and finance companies should immediately mobilize all their personnel to act swiftly and struggle resolutely against the various financial crimes.

Zhou Zhengqing stressed: To resolutely stop and prevent financial fraud, theft, and robbery, we need to take the following measures: 1) All banks and finance companies at all levels in the banking system must attach great importance to the work of "preventing fraud, theft, and robbery; and safeguarding funds security in banks." It is particularly important for principal leading comrades of banks and finance companies at all levels to place the

work high on the agenda and carry it out as an important matter. 2) To resolutely expose and crack down on fraud under the cover of "foreign capital introduction," the utilization of foreign capital must be examined and approved in strict accordance with relevant state provisions and procedures. 3) It is essential to strictly observe banking laws and regulations and resolutely implement various rules and regulations. Banks and other financial institutions at all levels should do business in strict accordance with the stipulated terms of reference and within the approved scope of operation. 4) We should strengthen case investigation and handling to enforce banking discipline. 5) Efforts should be made to strengthen education and training for the vast contingent of cadres, staff, and workers on the "three preventions and one safeguard."

Zhou Zhengqing said: After this teleconference, all units should promptly relay to all cadres, staff, and workers the conference guidelines and speeches of the leading comrades of the party Central Committee and the State Council, earnestly organize discussions, scrutinize loopholes and problems, and draw up realistic and feasible preventive measures. The head offices of banks and finance companies should arrange for the work of "three preventions and one safeguard" throughout their entire organizations; forward clear and specific demands; and conscientiously strengthen supervision, inspection, and guidance to prevent and stop financial fraud, theft, and robbery.

Mou Xinsheng demanded that public security organs at all levels earnestly implement this conference's guidelines and—under the leadership of local party committees and governments—support and work closely with banking institutions in vigorously preventing and cracking down on fraud, theft, and robbery in banks and in safeguarding fund security in banks. Once they receive a report on bank theft or robbery, as well as forgery, theft, or illegal sale of value-added tax receipts, the public security organs should assemble competent officers and men to take swift action and decisive measures to contain and intercept the criminals and to try every possible means to take control of the illicit money to avoid or minimize losses. They should resolutely and completely destroy the lairs for forging or illegally selling value-added tax receipts to effectively safeguard the smooth implementation of tax reforms.

Also attending the meeting were responsible people from relevant departments under the State Council, financial institutions, the Supreme People's Court, and the Supreme People's Procuratorate; and other departments concerned.

Comrades in charge of banking work from people's governments at and above the county level as well as responsible comrades of financial and public security departments at various levels took part in the teleconference at more than 2,000 different locations.

Li Lanqing Tours Suzhou Industrial Park in Jiangsu

*OW2505114894 Nanjing XINHUA RIBAO in Chinese
15 May 94 p 1*

[By XINHUA reporters Yang Futian (2799 4395 3944) and Li Can (2621 3503): "Vice Premier Li Lanqing Inspects Suzhou Industrial Park; He Noted That Suzhou Industrial Park's Development and Construction Was a Major Task Not Only for Suzhou But Also for Jiangsu and the Entire Nation"]

[Text] Accompanied by Chen Huanyou, secretary of the Jiangsu Provincial party committee and governor; and Wang Rongbing, vice governor; Li Lanqing, member of the CPC Central Committee Political Bureau and vice premier of the State Council, on 13 May braved the rain and muddy roads to inspect the Suzhou Industrial Park, a project which had just been officially launched, and which was under intensive construction. He called for coordinating actions, strengthening unity, and carrying out all fields of work around the project so as to foster Suzhou-style efficiency.

Vice Premier Li Lanqing and his entourage arrived at the lakeside of Lake Jinji in eastern Suzhou, where the Preparatory Committee for the Suzhou Industrial Park Administrative Committee conducts its business. He heard a briefing on the park's planning and design. He then braved the rain and arrived by car at the construction site of a small demonstration zone developed during the first stage of the industrial park, as well as the construction site of a road for exclusive use by the Jiangsu and Shanghai airports, where he inspected progress in construction work.

In the evening, leading comrades from Jiangsu Province and Suzhou city briefed Vice Premier Li Lanqing on progress made by the province and city over the past few months in expeditiously launching the Suzhou Industrial Park. After hearing the briefings, Vice Premier Li delivered an important speech.

First, Vice Premier Li Lanqing expressed his satisfaction with the speed and efficiency with which the Suzhou Industrial Park had been launched officially in just over two months after the Chinese and Singaporean Governments officially signed the relevant agreement. He said: This project is one of cooperation between the Chinese and Singaporean Governments. This model of cooperation has never been adopted before; it is South-South cooperation. The project's success will prove to the world that South-South cooperation is practical and feasible. The project represents overall interests. Its success will also advance reform and opening up in Suzhou, as well as in Jiangsu and the rest of the country. The Suzhou Industrial Park's development and construction is a major task not only for Suzhou but also for Jiangsu and the entire country. For this reason, central leading comrades, such as General Secretary Jiang Zemin, Premier Li Peng, and Vice Premier Zhu Rongji, are all very concerned about the project. We should unify

our thinking, coordinate our actions, support each other, strengthen unity, and carry out all fields of work around this project; we should never compromise our overall interests. Vice Premier Li emphatically pointed out: A pressing task of the moment is to do a good job of building the small demonstration zone. Because the Suzhou Industrial Park's development and construction is a very complicated task, we must carry out relevant work carefully and efficiently.

Vice Premier Li Lanqing said: In developing and building the Suzhou Industrial Park, we should stress both material and spiritual civilization. We should stress spiritual civilization in the initial stage of construction. We should uphold socialist spiritual civilization and should never allow unhealthy things in. Despite our implementation of a socialist market economy, we should emphasize spiritual things, such as the spirit of dedication and the practice of taking pleasure in helping others. We should not take the market economy to mean that we can benefit ourselves at the expense of other people and concern ourselves exclusively with the pursuit of profit.

Vice Premier Li also discussed the issue of learning from Singapore's experience in economic development and public administration. He urged the authority in charge of the Suzhou Industrial Park to explore some experiences that can be promoted nationwide while taking account of China's realities in practice. He said: The Suzhou Industrial Park administrative agency should perform its functions efficiently and in accordance with laws and regulations, improve the transparency of its work methods, and foster Suzhou-style efficiency.

In closing, Li Lanqing asked the authority in charge of the Suzhou Industrial Park to make every effort to open up more avenues for training skilled personnel. To provide skilled personnel of various levels for the park's construction, it may recruit personnel to undergo training in Singapore, ask Singapore to send people to China to provide training, or entrust China's institutions of higher learning and vocational schools to train people with Singapore's assistance. He said hopefully: To restructure its industry and transform its old enterprises along with the park's construction, Suzhou should encourage some technologically advanced enterprises in other parts of China to set up factories in the park while, at the same, attracting foreign investment into the park.

Accompanying Vice Premier Li Lanqing on his inspection tour of the Suzhou Industrial Park were responsible people from relevant state departments, including Xi Dehua, deputy secretary general of the State Council; Gan Ziyu, vice chairman of the State Planning Commission; and Zhao Guanghua, deputy director of the State Council's Special Economic Zone Office.

Official Says Rapid Growth Rate Unsustainable

HK2605035194 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 26 May 94 p 1

[By Foo Choy Peng]

[Text] China would like the economy to expand by just seven to eight percent this year, although the forecast growth is eight to 9.5 percent, a vice-minister says. Zheng Silin, of the Ministry of Foreign Trade and Economic Co-operation (MOFTEC), said China's infrastructure and financial resources simply could not sustain the rapid economic growth of the past two years. The economy grew 13.4 percent last year and 13.2 percent in 1992.

In a meeting with the Chinese Manufacturers' Association, Mr Zheng said the double-digit growth had resulted in a severe shortage of raw materials and funds in the country and had spawned high inflation. But he said the macro-economic adjustment package implemented in the second half of last year had proved effective in reining in growth, adding that there were signs that the economy and booming property prices had been slowing down since March.

Figures released by the State Planning Commission last week showed that the economy grew 12.7 percent in the first four months down from 13.9 percent a year ago. Based on these figures, the commission predicted economic growth in the first half of the year would be 12 percent. Extrapolating on this, the economy should grow by no more than eight per cent for the rest of the year if China wanted to keep annual economic growth to less than 10 percent this year.

Mr Zheng also said yesterday the next stage of China's economic expansion would be hampered if it failed to speed up growth in the inner regions, where energy and raw materials were concentrated. As a result, the central authorities were working out a strategy to attract foreign capital to help develop the poorer region. As part of the strategy, China for the first time singled out the inner provinces to take part in the four-day trade and investment fair organised by MOFTEC, which ends in Hong Kong today.

Official on Establishing 'Modern Enterprise System'

HK2605074094 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0616 GMT 5 May 94

[Text] Shanghai, 5 May (ZHONGGUO TONGXUN SHE)—Hong Hu, vice minister of the State Commission for Restructuring Economic System, talked recently about the issue of establishing a modern Chinese enterprise system in Shanghai. He said that a modern enterprise system is an enterprise system with Chinese characteristics. Modern technology and management methods can be introduced from other countries, but the modern enterprise system cannot be introduced from

other countries. It is necessary to proceed from China's own national conditions, fully absorb and adopt things of universal character in this country, and make explorations and creations according to successful experience.

Hong Hu said: China's modern enterprise system should take public ownership as the mainstay, with various economic elements developing together; take the distribution of income according to work as the main form, with various forms of distribution existing side by side; and ensure the role of party organizations and workers' democratic management.

He pointed out that the modern enterprise system is the orientation of enterprise reform under different ownership systems, but it is mainly the orientation of the state-owned enterprises.

Hong Hu said that the modern enterprise system is an enterprise system under the socialist market economic structure, but it is not the only enterprise system.

Hong Hu said: A modern enterprise system is the foundation of the structure of China's market. According to the essential requirements of the modern enterprise system, reform should mainly be carried out by governments, but enterprises also have to do a great deal themselves.

State Planning Commission Changes Functions, Structure

HK2605100994 Beijing ZHONGGUO XINWEN SHE in Chinese 1521 GMT 9 May 94

[By Geng Jun (5105 6511): "Changes in the Functions, Organizational Structure, and Personnel Composition of the State Planning Commission"]

[Text] Beijing, 9 May (ZHONGGUO XINWEN SHE)—New changes have been made in the functions, the organizational structure, and the personnel composition of the State Planning Commission, which also has the reputation of being the "general staff headquarters" of the State Council in the management of the national economy.

The State Council recently approved the "Scheme for Changing the Functions, the Internal Structure, and the Personnel Composition of the State Planning Commission," which was formulated through careful consideration over more than one year.

The State Planning Commission originally had 24 subordinate departments and bureaus. If the part being merged into the State Administration of Commodity Prices is included, there were 33 departments and bureaus. According to the new scheme, in the future, the State Planning Commission will have only 22 functional departments, including the General Office, the Policy Research Office, the Long-Term Planning and Industrial

Policy Department, the National Economic Comprehensive Management Department, the Regional Land Management Department, the Science and Technology Department, the Department for Investment in Fixed Assets, the Department for Use of Foreign Funds, the Finance and Banking Department, the Key Construction Department, the Department for Comprehensive Use of Raw Materials and Resources, the Department for Mechanical, Electrical, Light, and Textile Industries, the Department for Rural Economy, the Department for Price Supervision and Inspection, the Department for Market and Price Regulation and Control, the Price Management Department, the Foreign Economic and Trade Department, and the Social Development Department. The number of personnel in the State Planning Commission will be reduced from more than 1,500 to 919.

After the structural reform, the State Planning Commission will remain the highest-ranking department for the comprehensive management of the national economy within the State Council. Its functions will be strengthened in the following aspects: Considering and formulating the long-term and intermediate-term plans and major policies for national economic and social development; forecasting, monitoring, analyzing the trends in the operation of the national economy and announcing major economic information; considering and arranging the distribution of major productive forces and the development of local economies, supervising the implementation of such arrangements, and coordinating things in this regard; exercising comprehensive and coordinated employment of such economic levers as financial appropriation and credit arrangements in order to strengthen macrocontrol over the national economy; supervising and controlling the overall price level in the whole country; and guiding the state reserves of major products and major production materials that have a vital bearing on the national economy and the people's livelihood.

The new scheme defines 11 [as received] functions of the State Planning Commission. That is, giving advice; maintaining the balance; adjusting and controlling the market; guaranteeing the projects; studying the strategy; and formulating policies. In the future, the State Planning Commission will base its work on the development of the market economy, will make up for the deficiencies of the market economy, and will guide, foster, and control the market. Therefore, it will play a more important role in the state's macroeconomic control.

Journal Analyzes Economic Reform Status

HK2505152094 Beijing ZHONGGUO GAIGE in Chinese No 4, 13 Apr 94 pp 9-13

[Special article by Fan Gang (2868 4854): "Speedy Growth and Macrostability—A Theoretical Analysis of Macroeconomic Issues"]

[Text] Abstract: The fast growth of our national economy during the past two years has been basically healthy and the overheating problem has not developed into such a severe state as to require an overall austerity policy. The increase in the price index was mainly caused by the expansion of aggregate demand. During the economic transformation period, in the course of structural reform, inflation tends to be inevitable. However, the fact that inflation has not caused big problems in the past does not mean that "inflation is harmless." The structural reform is a process which takes quite some time to show any effects, while macroregulation and control are an issue of short-term "management of aggregate demand." Those two must not be confused. Therefore, the formula of "currently seeking macrostability by way of deepening the reform" is a specious argument. Only the formula of "seeking long-term economic stability by way of deepening the reform" is correct. Some reform measures in use at the moment are confined to the area of state-owned economy. Therefore, the reform of the macromanagement system should go beyond the vision of state-owned economy. [end abstract]

In 1993, our country's economic growth rate was 13 percent, higher than in 1992. In the meantime, the general price index also registered a fast growth. Judged by the factors in various areas at the moment, the economic growth in 1994 will continue to maintain a relatively high rate and great potential inflationary pressures remain. In this context, how to view the current state of our economic system and the tendency in economic development, whether or not necessary measures should be adopted, and how to maintain macroeconomic stability alongside high-rate economic growth and truly realize sustained, rapid, and healthy [chixu, kuaisu, jiankang] development are obviously important questions we have to answer.

Correctly Evaluate the Extra Fast Growth During the Past Two Years

The first thing to point out here is that it is inappropriate to draw a simple analogy between the growth rate and inflation rate in 1992-1993 and the situation in 1987-1988. The high growth in the past two years has been, to a greater extent, "real [zhenshi 4176 1395]," healthy [jiankang 0256 1660], and nonoverheating [fei guore 7236 6665 3583].

First, during the prior three-year improvement and rectification, there were quite a lot of goods in stock, the scope of investment was relatively small, and some additional social production capacity was created (including, in particular, that created by some newly commissioned construction projects). While the high growth in 1992 was of a recovery nature, the 1993 high growth was still based on the increase of social production capacity during the previous two years.

Second, as the reform and opening up in China deepened, foreign investment has significantly increased since 1992. Such input has not only expanded the

aggregate demand but also generated purchasing power in foreign exchange. As a result, we have been able to utilize the supply from the international community and consequently expand the "total supply" which can be utilized.

Third, what is of particular importance is that because our market economic mechanism has begun to play its role in an ever-expanding area and the proportion of the non state-owned economy has been expanding, the efficiency of resource disposition has been raised as has the investment efficiency. The reality of the growth has also been greatly increased as the structural reform itself can upgrade the real growth rate by several percentage points.

Fourth, because local governments and many enterprises have begun to gain a better understanding of the importance of such basic industries as infrastructure, energy, and communications, during these years the investment in these fields has expanded and some of the investment has started to pay off, thus alleviating some local bottleneck problems and expanding the general supply capacity of the society.

All these factors indicate that making simplistic comparisons between the growth rates in different years and under different conditions is inappropriate. We should make realistic analyses of the real quality of the various growth rates and correctly evaluate the fast growth of the economy during the past two years. The author personally believes that the fast growth of our economy in the past two years has been basically healthy; though there has been a tendency toward "overheating" the problem has not become so severe as to call for the implementation of an overall austerity policy.

However, though the problem is not yet very severe, it has certainly reached the extent of meriting serious attention in many respects. Commodity prices on the market experienced a high rate of growth: Throughout the year, retail prices rose by 13 percent over the previous year, while the cost of living of residents rose about 15 percent. In 35 large and medium cities, the cost of living index reached as much as 20 percent or so. On the basis of the high growth during the previous year, the investment in fixed assets grew by another 47 percent or so. The extent to which such bottleneck industries as communications and energy restrict the economic growth has become very serious, as the freight satisfaction rate is only about 60 percent and, on several arterial railway lines such as Beijing-Guangzhou, only 40 percent. All this indicates that the destabilizing factors in the economy have increased somewhat. If we fail to have a sober and scientific understanding of this in good time and just let it run its course without adopting pertinent remedial measures, this will lead to serious consequences.

Is There "Inflation of Total Demand?"

Since last year, the following question has been in dispute in Chinese economic circles: Has there been

"inflation of total demand" in our economy and have the price increases been caused by excessive total demand? Many people have answered this question in the negative.

We can deny that there has been an inflation of total demand but we must explain the reason for the price increases, not only the increase of the means of production price index of 40 percent or so but also that in the urban cost of living index of over 20 percent.

Some hold that price increases are not a result of inflation of total demand but of "price adjustments" or price reform. One must admit that the price increases in China in the past two years do have something to do with some measures for price adjustments or price reform. But why did the prices of some items go up, instead of going down, the moment they were decontrolled, in turn causing the price of other items to go up? The answer to this question is that before the prices were decontrolled, what was termed in economics as "suppressed inflation" existed because the original total demand had already expanded but had manifested itself in "shortages," as the demand exceeded supply at the original price levels. That is why the prices, once decontrolled, went up. Naturally, however, some element of "suppressed inflation" existing in our economy is not necessarily a result of the total demand expansion during the past two years but a problem left behind from history. However, at the end of the day, the increases of commodity prices after price controls were lifted have to be explained by the purchasing power (demand) which has an objective presence in the current economy. The price reform itself is nothing more than to "digest" the excessive purchasing power; in itself, it has not created this amount of purchasing power.

Another argument ascribes price increases to "cost-push." There is indeed a type of so-called "cost-push" inflation but it mainly refers to the situation whereby the costs in a country's economy are generally increased due to such "external impact" (exogenous variable) as an "oil crisis." However, it does not make much sense to ascribe China's post-1992 situation to "cost-push." Since the second half of 1992, because the demand on investment quickly expanded, the price levels of the means of production increased by 40 percent or more. Such cost increases will certainly have to be "digested" by other commodity prices through cost increases [as published] in a gradual process (over a period of time). It is obviously a confusion of concepts and a circular argument to term this price change as "cost-push" rather than ascribing it to the expansion of the original investment demand. In present-day China, a kind of "cost-push" inflation does often happen, i.e., the payroll costs of state-owned enterprises (including all kinds of consumption at public expense, distribution of benefits in kind, and welfare benefits) constantly rising at a higher rate than the growth in labor productivity, causing a chain reaction in price levels. This factor can be considered a constant factor in our system at the moment, which does not change whether the economy is "hot" or

"cold." For example, one could say that 1990 was a relatively "cold" year for our economy, as there was no serious inflation. But it was that year that the actual per-capita wages of state-owned units increased by 9.7 percent (bringing the actual total payroll up by 9.2 percent), representing the highest growth rate since the 1970's. However, this did not cause high-rate inflation that year. Since this is a "constant factor," it cannot cause high-rate inflation of itself. Therefore, we cannot use this factor to explain what has happened over the past two years.

Still another argument is to ascribe price increases to an "imbalance of structure." True, in economic studies there is a type of inflation related to structural change but it usually means that when an economic structure experiences a change, because prices generally have a "rigidity against lowering," relative adjustment of price structure can only be achieved through the increase of some prices, thus causing an increase in overall price levels. The cause and effect of this situation is different from, and therefore cannot be compared with, the cause and effect of another situation, i.e., price increase caused by the inflation of total demand and the failure of total supply to expand quickly due to serious structural "bottleneck" restrictions. Economic structural adjustments have been continuous in our country in past years (i.e., the first case), including the past two years and the earlier period of improvement and rectification (structural adjustments and price adjustments never being infrequent during the period of improvement and rectification) but they did not cause high price increases. Therefore, we cannot use this to explain what has happened over the past two years. The structural problem in our economy over the past two years is mainly that the expansion of total demand has aggravated the restriction of the structural "bottlenecks" (i.e., the second case), such as the communications bottleneck and the energy bottleneck, in turn aggravating the price increase pressures. Therefore, the main cause should be ascribed to the imbalance of total supply and demand, not to structural adjustments.

There is no denying that there are always an infinite number of factors in economic life which determine the movement of prices (each factor determining the price change at a certain percentage point). However, by carefully analyzing the situation with economic theory, we will have to come to the conclusion that the increases of price levels in our country over the past two years were mainly caused by the inflation of total demand. According to the "objects," the total demand can be divided into two parts, investment demand and consumption demand. The expansion of total demand in our country over the past two years finds expression mainly in the expansion of investment demand and the demand of "consumption at public expense" and the basic mechanism of such expansion is not very different from the previous one. The mechanism of China's macroeconomic operation has not gone through a "fundamental change." Lack of a sober understanding of these

basic judgments will make it very hard to uphold a correct and realistic guideline in economic work.

Why Is Inflation "Not Good?"

One cannot deny there is some point in the "inflation-is-harmless theory." First, in terms of the relationship between total supply and total demand only, any change in the general price level merely means a change in the "nominal value" of the GNP and does not affect the growth of its "real value," the increase of actual income being most important. Second, though the prices may go up a bit, as long as the economy maintains an active growth momentum it is better than the situation whereby commodity prices stay where they are but economic growth comes to a halt. Third, many structural problems and problems with price parity can only be gradually adjusted and solved in the course of the increase of the general price level and so on and so forth.

Nevertheless, to this day, there is no country in the world that does not try its best to avoid inflation. Why is that? The reason is that inflation does have some negative effects that must not be overlooked. There may be nothing wrong with inflation itself but some things which happen during and after inflation are not so good.

First, the process of inflation normally involves redistribution of the national income and widening the gaps in income, which includes not only the gap between urban and rural incomes but also that between the incomes of different regions and walks of life. This is more so during the current period of economic transformation when the market mechanism in our country is still underdeveloped and its economic structure is irrational. For instance, a relatively developed region had an economic growth rate of 14 percent in 1993, its cost of living index was 20 percent, and the monetary income of the residents there grew by around 44 percent. To this region, that bit of inflation was of course tolerable and no big deal. But where did the "extra" income of around 10 percent come from? Obviously, it could only have come from other regions, more likely from the more backward regions and rural areas. Therefore, this involved further expansion of regional income. Naturally, however, the development of the market economy means that we can no longer practice egalitarianism, as the existence of income discrepancies to some extent has a degree of rationality. If inflation is allowed to continue and the income discrepancies are too wide, this will obviously lead to instability in the society and will be detrimental to the further sustained development of the economy. What merits attention is that the widening of the income discrepancies is related to macroeconomic conditions.

Second, inflation and the overall imbalance whereby total demand exceeds total supply would ordinarily cause acceleration of economic growth. Under the existing system of our country, it will cause "overheated growth" in the economy. What is called "overheated growth" is relative to the growth rate of the total supply capacity of the society or the actual growth capacity of

economy. It is not measured by the absolute value of growth rate but manifests itself through such phenomena as "bottlenecks," "excessive utilization of equipment," "lowering of the actual capital accumulation rate," and "eating corn on the stalk." In the history of our country, these phenomena have happened from time to time and they are all forms of "overheated growth." They point to a poor dynamic efficiency of economic growth and are detrimental to the long-term, sustained, steady, and fast growth of the economy.

Third, inflation, unstable currency value, and failure to maintain long-term overheated growth all cause stronger uncertainties in the economy. This will hamper the growth of savings deposits and the expansion of actual investment, especially the input of foreign capital, and weaken the favorable conditions we have for absorbing foreign capital. They are also unfavorable for the continued fast growth of the economy.

One has to admit that during the period of economic transformation, in the process of structural reform and in the initial stage of economic development, inflation is often unavoidable and some fluctuations in the macroeconomy are also unavoidable. Without them, economic transformation and economic growth would probably have been impossible. People at all levels must have a sober understanding of this. In the past dozen years of reform and development in our country, the average growth rate was about 10 percent and inflation rate was always kept under a controllable level, without causing the galloping inflation which has plagued many developing countries and countries going through structural reforms or caused big social turmoil because of inflation. This in itself is a very big achievement and should not be underestimated. However, because inflation has not caused big problems in the past does not mean that "inflation is harmless" or that we do not have to take preventive measures.

"Double-Track Regulation and Control"

After we have obtained a relatively clear understanding of the reality of our economic situation, the problem now is how to conduct macroregulation and control to achieve our goals.

1. Evaluation of the current economic system.

The first issue to understand is that the choice of effective means of macroregulation and control depends on understanding the microeconomic system and the macrooperational mechanism. The existing system is the basic premise for the effectiveness of current macroregulation and control policies.

After 15 years of reform and opening up, our country's economic system has undergone many important changes. First, the nonstate-owned economy, as a "new sector of system," has had much development and its proportion in the total industrial output value and GNP has exceeded 50 percent. As economic subjects which are

oriented to the market and have relatively strong self-restraint, they play a positive role in stabilizing the economy. Second, the price reform, after the "double-track transition" in the past years, has scored a decisive success. The prices of over 90 percent of consumer goods and the prices of over 80 percent of the means of production have been decontrolled and put under market regulation. Third, marked successes have been achieved in opening to the outside world. Foreign investment has greatly increased, imports and exports have further expanded, and price increases have been restricted by the prices on the international market in many respects (such as rolled steel and other means of production). Fourth, all kinds of markets have gone through some development. Though some confusion has happened on the stock market, real estate market, and securities market (especially activities of "speculation at public expense" by state-owned and semi state-owned companies that have emerged in these markets), residents have been given more investment channels after all. This is conducive to checking the expansion of consumption demand and encouraging the accumulation of capital. As a result of all this, the system of market economy in our country has begun to play a part, to some extent and within a certain scope, and an embryonic form of market mechanism has come into being in China.

However, it is still too early to think that China's economic system has gone through a "fundamental change" simply on the basis of the abovementioned situation or in reference to the spell of "market sluggishness" during the austerity period during the previous two years. Our economy is still in the stage of "double-track transition," an important manifestation of which is that the old economic system is still functioning. This can be recognized from the following two most important aspects.

First, there has been no change in the structure of the basic system of the state-owned economic sector and soft budgetary restraints by local governments and state-run enterprises, as well as various behavioral patterns based on them (including the ways to react to many economic "policy variables"), have remained basically unchanged. For instance, the "way to react" to the adjustment of "interest rates" by state-owned enterprises and local governments as an important macroregulation policy instrument has not changed. Though everybody is complaining that the "interest rate costs" are too high, even if interest rates are raised even higher, the demand by the state-owned sector for loans will not decrease.

Second, the dominating position of the state-owned economy (note that we are not talking about the "public-owned economy" here) in the entire economy has remained unchanged. This can be illustrated from the following aspects. A) While in terms of output value or the creation of national income the state-owned economy has ceased to take up the bigger portion, in terms of expenditure or the creation of total demand the state-owned economy still occupies a dominant position.

The key issue here is that when bank deposits from different economic sectors are transformed into loans, they flow mainly to state-owned economic departments through the state banking system (generally estimated at over 80 percent at present). The loans used by township and town enterprises and the private or individually-owned economy only take up a very small proportion. This way, the state-run sector, which accounts for the smaller proportion in the revenue structure continues to enjoy the bigger proportion of the expenditure structure, especially expenditure on investment. In terms of direct financing by enterprises, because budgetary restraints are soft, state-owned enterprises are relatively "bold" and, naturally, are able to attract more funds. B) The state-owned economy is concentrated in such lifelines of the national economy as light and heavy industries, energy, and minerals and, therefore, its role of leadership in the national economy has not changed either. C) With the abovementioned two points as a basis, what is determining the changes in various stages of economic fluctuations in China at present is still the state-owned economic sector. Township and town enterprises, the private economy, and so on showed relatively high growth rates as early as 1990. However, because they were mainly concentrated in consumer goods processing industries, commerce, and the service industries, they merely played the role of maintaining the supply of consumer goods and were still unable to cause the entire economy to pick up. Only when the state-owned economy "recovered" did the entire economy gradually become active. Particularly outstanding is that, aside from the fact that the investment by the state-owned sector still takes the bigger portion of the overall investment society-wide (over 67 percent in 1993), the expansion of investment in the state-owned economy, as in all previous cases of economic fluctuations, plays a leading and decisive role in the overall pickup of the economy. D) In financial revenue, the income from the profits and taxes delivered by state-run enterprises still takes up the bigger portion. Because the state of fiscal revenue and expenditure plays a very important role in the formulation of macroeconomic policies, the performance of the state-run economic sector continues to play a decisive role in shaping the trends of the entire macroeconomy. For instance, just in order to keep the amount of profits and taxes delivered by state-run enterprises from dropping or to avoid further expansion of the extent of losses, the relevant departments probably do not dare, or are not willing, to adopt policies which curtail credit expansion and inflation of demand (e.g. raising the interest rates for loans).

2. "Double-track system" and "double-track regulation and control."

The basic meaning of what is called "double-track regulation and control" is that: According to the "double-track" feature of our economy, is to exercise integrated regulation and control on the economy by actively using some macropolicies and means of market economy which have begun to show effect while, on the other

hand, continuing to use the means of "direct control" which are suited to the old system, including some administrative means.

In the process of choosing the right stabilizing policies for the macroeconomy at present, the following issues concerning understanding should be made clear before anything else:

First, what one should particularly seek to have a clear understanding about at the moment are: A) The effectiveness of different macroeconomic regulation and control policies depends on different economic systems, especially the "micro basis" of economy. B) We need to develop the market economy but our existing economic system is not yet a market economy and the "micro basis" of the macroeconomic operation is far from being the "micro basis" of a market economy. This is the very reason that many stabilizing policies for macroeconomy which are effective in the context of a market economy are, in reality, unable to play their role effectively in the context of our existing system. This finds conspicuous expression in the following: The state-owned economic sector, which still resorts to administrative links in operation to a large extent, can only be restrained by administrative means for the time being; while localities and enterprise lack a built-in self-restraining mechanism, it is still imperative to retain certain external restraints. We must now energetically develop the system of market economy. This mainly requires us to put our efforts into the structural reform, especially in transforming the micro basis of the economy. It does not mean that we can change the "policies" or "means" for managing the economy entirely. Any blind attempt to try using the policies of market economy which have proved effective in managing our economy now will not really be conducive to the development of a market economy and will not really be a move toward "marketization."

Second, the structural reform is a process which takes quite some time before any effects can be seen but macroregulation and control is an issue concerning the short-term "management of total demand." These two must not be confused. Therefore, the formula of "seeking current macrostability by way of deepening the reform" is a specious concept. The reform should move ahead at a faster pace and this is even more necessary at present. However, before the reform is accomplished, we still have to face the issue of how to exercise macroregulation and control in the context of the existing system. Only the formula of "seeking long-term economic stability by way of deepening the reform" is correct. Third, though our economy is not yet a complete market economy, it is no longer a complete planned economy either. It is in the period of transition from the old system to the new and its basic feature is "one system on double tracks." This feature of an economic system obviously requires the means of macroregulation and control also to be on "double tracks." Using only one method, in defiance of the law of movement of things, will actually fail to bring about the desired results. This finds conspicuous expression in the following: We do not now have a means of

macroregulation and control that can effectively regulate and control the economy, be it direct or indirect, "market" or "administrative," "monetary" or "planned"; on the other hand, none of the various means of regulation and control is entirely useless, for they all have a certain role to play to some extent within a certain scope. This requires us to use various means in an "integrated" way and exercise "integrated regulation and control" on the economy. During the "double-track transition" period, "integrated regulation and control" is, by nature, a manifestation of "double-track regulation and control."

3. The reform of the macromanagement system must step beyond the vision of state-owned economy.

As to how to shift from the "double-track regulation and control" to "one track" ("market track"), it obviously will have to depend on the deepening of the reform. (At present, the reform of the relations between ownership and management of enterprises is of especial importance.) As regards some reform measures which have been adopted or are going to be adopted, I think an important problem here is that many reform proposals are still confined to the area of the state-owned economy and have not stepped beyond the vision of the state-owned economy. The reform of the financial system is still largely about the division or merger of state-owned banks and the development of nonstate-owned financial institutions has not been put on the agenda. The reform of the tax system is still largely about the division between the central government and local governments and the question of how to straighten out the control on the tax management of the nonstate-owned economy, reconstruct local financial systems, and sort out basic financial relations, according to the changed economic structures, and rebuild the entire financial system on the basis of this is still being neglected. The reform of the investment system is still largely concerned with how to handle the investment in the state-owned economy and how to provide protection for such investment. The enterprise reform is still revolving round the state-owned enterprises, as if the enterprises in the nonstate-owned economy have nothing to do with promoting faster and more healthy development by way of strengthening the building of their system. Even the reform of the statistical system has not done anything new about how to conduct statistical studies on the activities of the nonstate-owned economy which already makes up over 50 percent of the total output value. The nonstate-owned economy has been developing for many years as a "new force suddenly coming to the fore" in an "expected" way, helping our economy break through the confines of the state-owned economy in an "unconscious" way. Should this "unconscious" state continue?

Government Cadres Quit Business, Return to Posts

HK2605091394 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0928 GMT 10 May 94

[Text] Beijing, 10 May (ZHONGGUO TONGXUN SHE)—As it is difficult for government department-run

economic entities to make money, cadres who went into business last year "are returning to their original posts."

According to the State Administration for Industry and Commerce, 1993 saw the greatest number of government department-run economic entities; all the licenses kept in stock had been given away by July. In Shanxi alone, provincial-level government departments set up 1,098 companies on a trial basis last year, and a total of 3,000 cadres went into business. Of this total, however, 50 percent have returned to their original posts. Seven department- and bureau-level cadres went into business last year, but all have gone back to their old profession. Of the 120 county- and section-level cadres who went into business last year, half have returned to government departments. Of the 667 subsection-level cadres who went into business last year, 427 have returned to their original posts.

A survey shows the main reason why cadres have been jumping off the bandwagon like a swarm of bees is that it is difficult to make money. Most government department-run economic entities have failed to turn a profit. In Anhui, various companies run by government departments suffered 7 million yuan in economic losses in one year. These economic entities will face even greater difficulties after their ties with government cadres have been completely severed.

Internal Trade Ministry Sets Up Enterprise Groups

HK2505134294 Beijing ZHONGGUO XINWEN SHE
in English 1320 GMT 18 May 94

[Text] Beijing, May 18 (CNS)—Two vast enterprise groups under the Ministry of Internal Trade were set up today to cover most of the daily necessities and grains as well as oil products.

The Zhong Shang Enterprise Group comprises 43 member companies with the China National Hardware Communication and Electrical Appliances Company, a general merchandise company, wine and sugar companies, food companies, and the Friendship Company as its core. The total registered capital is valued at RMB [renminbi] 1.7 billion.

The Zhong Gu Cereals and Oil Group is the largest enterprise in the sector of grain and food industry including member companies such as the China National Cereals Trade Company, the China Vegetable Oil Company, and the China National Fodder Holding Company.

The Minister of Internal Trade Mr. Zhang Haoruo, said at the opening ceremony that establishment of the two comprehensive enterprise groups was considered the very measure for reform of circulation enterprises. They made medium- and large-sized state-owned enterprises as their core and state-owned assets as their main driving force. The two enterprise groups cover a large number of

items of a wide variety which involve different regions, departments, and various economic components.

The two enterprise groups shoulder the role in helping the government to carry out effective macroregulation of the market. The Chinese leadership highly valued the establishment of the two enterprise groups and Premier Li Peng and vice premiers Mr. Zou Jiahua and Mr. Li Lanqing made congratulatory inscriptions for the two groups.

Sources in the sectors concerned, as well as experts, paid much attention to the setting up of the enterprise groups. They were convinced that the large enterprise groups possessed huge strength which enabled them to exert their advantages and to play an important role in showing competitiveness in the international market for circulation enterprises.

Import Registration Procedures Enacted

HK2605043094 Beijing RENMIN RIBAO in Chinese
22 Apr 94 p 2

[Report: "Provisional Procedures for Management of Automatic Registration of Import of Specific Commodities, Promulgated by Five Departments, Including the State Planning Commission"]

[Text] The State Planning Commission, the Ministry of Foreign Trade and Economic Cooperation, the People's Bank of China, the General Administration of Customs, and the State Administration of Exchange Control, in cooperation with other departments concerned, have formulated the "Provisional Procedures for Management of Automatic Registration of Import of Specific Commodities," in accordance with the instructions of leading comrades of the State Council, with a view to ensuring the smooth progress of the reform of the foreign exchange control system, intensifying the state's overall monitoring of importation of important commodities, keeping informed of the current state of import of a few categories of staple raw and processed materials and sensitive commodities, and providing guidelines to enterprises. The following is the full text of the provisional procedures:

Article 1. These procedures are hereby formulated with a view to intensifying the state's macroscopic monitoring of importation of important commodities, keeping informed of the current state of import of a few categories of staple raw and processed materials and sensitive commodities, and providing guidelines to enterprises.

Article 2. The State Planning Commission is in charge of guiding, coordinating, and managing automatic registration of importation of specific commodities nationwide.

The competent divisions and bureaus under the departments concerned of the State Council, as well as the planning commissions (or planning and economic commissions) of all provinces, autonomous regions, municipalities directly under the central government, and

cities separately listed in the state plan (hereinafter called "registration organs" for short), which are authorized by the State Planning Commission, are in charge of the automatic registration of imports of specific commodities within their own departments or localities.

If any enterprises subordinate to other departments of the State Council lacking the authorization of the State Planning Commission want to have their importation of commodities registered, they will do so with the Ministry of Foreign Trade and Economic Cooperation.

Article 3. A list of specific commodities subject to automatic import registration is to be prepared by the department concerned of the State Planning Commission in accordance with the state's need for macroeconomic regulation and control, and this list will be submitted to the State Council for examination and announced upon approval.

The following commodities are on the provisional import registration list for 1994: 1) steel products, 2) steel billets, 3) scrap steel, 4) discarded ships, 5) non-ferrous metal (copper, aluminum), 6) plastic material (polyethylene, polypropylene, polyvinyl chloride, polystyrene except ABS resin), 7) paper, 8) fruits, and 9) cosmetics.

Article 4. Imports in the following forms of trade are subject to import registration in accordance with these procedures: 1) General imports as a form of trade, 2) imports financed by loans granted by foreign governments or financial institutions, 3) consignment sale imports, 4) leased imports [zu lin jin kou 4436 6324 6651 0656], 5) compensation trade imports, 6) imports by international tender, 7) imports in exchange for labor services, and 8) donated imports.

Commodities subject to automatic import registration, which are imported for the business of processing with supplied or imported materials and will be directly used in processing production and reexported as processed goods, shall be placed under customs control and supervision.

Another set of procedures shall be formulated separately to regulate the automatic import registration for commodities imported by foreign-funded enterprises as capital goods, goods for their own consumption, or materials to be used to produce products for domestic markets.

Article 5. Import registration is necessary in the following cases:

1. The imported commodities are those which the departments or localities concerned need in production and construction or those for which there is a market demand.
2. The imports are to be paid for with renminbi funds.

3. The importing foreign trade company has confirmation from both the goods supplier and the Chinese buyer, and therefore needs a signed import certificate.

Article 6. Before instructing a foreign trade enterprise with authorization for importation of the specific commodity to sign the import contract (only foreign trade enterprises endorsed by the Ministry of Foreign Trade and Economic Cooperation should be instructed to import steel products), the enterprise that is to proceed to import will lodge its registration application with the appropriate registration organ through appropriate administrative channels (enterprises importing fruits and cosmetics will file the registration application with the Ministry of Foreign Trade and Economic Cooperation). The registration organ concerned, upon receipt of the enterprise's application, will proceed with registration formalities, providing that the application fulfills the requirements set out in these procedures, or explain if rejecting the application.

Article 7. A "Certificate for Registration of Importation of Specific Commodities" on a unified form printed by the State Planning Commission is necessary for importation of specific commodities subject to automatic import registration.

The "Certificate for Registration of Importation of Specific Commodities" is in quadruplicate. The original copy (in black) will be given to a bank authorized to deal in foreign exchange upon request for conversion of local currency into foreign currency; the second copy (in red) goes to the customs office for examination; the third copy (in blue) goes to the foreign trade company authorized to deal in importation of the specific commodity as a proof of order; and the fourth copy (in purple) will be filed by the registration certificate issuing organ.

Article 8. The valid seal for the "Certificate of Registration of Import of Specific Commodities" is the "Exclusive Seal for Registration of Import of Specific Commodities" made and granted by the State Planning Commission.

Article 9. An authorized bank for dealing in foreign exchange will render foreign exchange payment service to a customer upon presentation of a "Certificate of Registration of Import of Specific Commodities," while the customs office will inspect and clear imported goods upon presentation of the "Certificate of Registration of Import of Specific Commodities" issued by the import registration organ authorized by the State Planning Commission.

For imports affected by such trading modes as loans granted by Chinese or foreign creditors, donations, aid, compensation trade, leasing trade, and counter trade, which do not entitle the importer to buy foreign exchange, the original copy of the "Certificate of Registration of Import of Specific Commodities" (which is to be presented by the importer to a bank authorized to deal in foreign exchange upon request for foreign

exchange payment service) will not be issued to the importer but be kept on file by the import registration organ.

Article 10. The validity period of the "Certificate of Registration of Import of Specific Commodities" is six months. If an import contract needs to be extended beyond this validity period, reregistration will be necessary with the original certificate issuing organ, and the import registration certificate previously issued will be returned to the issuer. If any particulars (other than the validity period) stated in the import registration certificate need to be amended within the validity period, the importer will apply to the original import registration certificate issuer for amendment, which is to be stated in the "Remarks" column of the certificate and endorsed by the "Exclusive Seal for Registration of Import of Specific Commodities."

Article 11. All the import registration organs shall properly perform their duties regarding import registration within their own jurisdiction, keep track of the ordering and delivery of goods that are imported according to the import registration, prepare a full list of import items registered in the previous month and submit it to the State Planning Commission by the 10th day of each month to facilitate overall monitoring and control of import of registered commodities.

Article 12. In any of the following cases related to the enterprise, which are regarded as violation of these procedures, no bank shall render the enterprise foreign exchange payment service, no customs office will grant approval to the import, and appropriate penalties will be meted out in accordance with relevant regulations.

1. Failure to secure a "Certificate of Registration of Import of Specific Commodities" according to these procedures, prior to the signing of an import contract with a foreign party and shipment of the imported goods which are subject to import registration.
2. Forging, altering, or illegally reselling a "Certificate of Registration of Import of Specific Commodities."

Article 13. Any staff member of an import registration organ who is involved in dereliction of duty, irregularities for the benefit of relatives or friends, or abuse of power, will be liable to administrative action by the supervisory organ according to the seriousness of the specific case. In case of violation of laws, the offender will be held responsible for criminal offense.

Article 14. These procedures shall enter into force on the date of promulgation.

Article 15. The right of the interpretation of these procedures resides in the State Planning Commission.

Appendix 1: Standard form of "Certificate of Registration of Importation of Specific Commodities"

Appendix 2: List of import registration organs authorized by the State Planning Commission.

Border Trade Inspection, Management Methods

HK2605033394 Beijing GUOJI SHANGBAO in Chinese
22 Apr 94 p 2

["The State Commercial Inspection Bureau's Circular on Issuing 'Management Methods for Import and Export Commodities Through Border Trade'—State Commercial Inspection Bureau's Document No. 134 (1993)"]

[Text] All affiliated commercial inspection bureaus:

After a year of trial implementation, the "Inspection and Management Methods for Import and Export Commodities Through Border Trade (for Trial Implementation)" have proved basically feasible. Some clauses have been revised in light of the present situation. Now the "Management Methods for Import and Export Commodities Through Border Trade" are issued to you for implementation. Should there be problems in the course of implementation, please report them to the state bureau.

Attached are the Management Methods for Import and Export Commodities Through Border Trade.

The State Commercial Inspection Bureau of the PRC

22 April 1993

Management Methods for Import and Export Commodities Through Border Trade:

Article 1: To develop border trade, strengthen the inspection, assessment, and supervision of import and export commodities, and protect the legitimate rights and interests of all the trading parties, these management methods have been formulated in accordance with the "PRC Inspection Methods for Import and Export Commodities" (hereinafter shortened to the "Inspection Methods") and the "Regulations on Implementing the PRC Inspection Methods for Import and Export Commodities" (hereinafter shortened to the "Implementation Regulations").

Article 2: These management methods are suitable for inspection and management of import and export commodities through small-scale border trade, civilian border trade, joint fair trade on borders, and local trade in border areas.

Article 3: Commercial inspection departments' inspection of import and export commodities through border trade covers the following categories of commodities:

1. Import and export commodities which fall under the "list of categories of import and export commodities subject to commercial inspection departments' inspection" as well as import and export commodities which, as law and administrative regulations require, must be submitted to commercial inspection departments for inspection;
2. Carrying out health inspection of export food and quarantine of export animal products;

3. Commodities for which border trade contracts require inspection by commercial inspection departments;

4. Commodities for which foreign trade dealers apply for assessment and inspection.

Article 4: Commercial inspection departments may carry out random checks on import and export commodities which are not listed in Clauses 1 to 3 of Article 3.

Article 5: When handling applications for inspection of import and export commodities through border trade, commercial inspection departments may treat each case on its merits in light of local border trade characteristics by adopting flexible inspection methods, providing certificates to pass, or completing clearance procedures.

Applications for inspection must be accompanied by the relevant contracts or agreements as proof.

Article 6: Import and export commodities through local trade in border areas, small-scale border trade, or civilian border trade must be inspected according to the contract provisions if any; if contract provisions are not available or are not clear, inspection should proceed in accordance with the standards of the relevant exporting country. If commodities involve safety and health, inspection should proceed according to the regulations of the relevant importing country. Import commodities below the necessary safety and health standards should be prohibited from entry even if the buyer agrees to accept the commodities.

Article 7: Commodities imported with safety quality permits should be handled according to the "Detailed Rules on Importing Commodities Under the Safety Quality License System."

Article 8: After a port commercial inspection department receives notice of import commodities' arrival, it should proceed with the inspection of the commodities if inspection at the port is possible.

If inspection at the port is not available, the port commercial inspection department should promptly provide a transfer procedural document and notify the port of arrival for inspection of the commodities.

Article 9: If a foreign trade dealer applies for the assessment or authorizes the inspection of commodities, the commodities should be assessed or inspected in accordance with the standards set by the foreign trade dealer.

Article 10: Commercial inspection departments should, in accordance with the relevant regulations, exercise management over commodities exported with quality licenses and health registration certificates. Border trade operational units should purchase commodities manufactured by factories which have obtained quality licenses or health registration certificates issued by commercial inspection departments, and should submit these licenses or certificates to the commercial inspection departments in the commodities' places of origin.

Article 11: Commercial inspection departments may send personnel to inspect, check, assess, and supervise import and export commodities stored in regions under their jurisdiction or to trading sites under their jurisdiction.

Article 12: Before export commodities which require commercial inspection certificates are directly transported out of the borders through combined railway transportation, the commercial inspection departments in places where the commodities are dispatched should verify that the commodities are up to standard before issuing such commercial inspection certificates.

For export commodities transported through combined transportation facilities other than railways, commercial inspection exchange certificates or release certificates should be issued by the commercial inspection departments in the places of dispatch; and the relevant port commercial inspection departments should examine the exchange certificates and complete the clearance procedures for the export commodities to be transported out of the borders. Commodities which are proved to be below standard cannot be exported.

Article 13: After inspection, the relevant commercial inspection departments should stamp the words "border trade" on the certificates issued for export commodities through border trade. The "border trade" stamp will be standardized by the State Commercial Inspection Bureau.

Article 14: Violations of these methods are liable to penalties in accordance with the "Inspection Methods" and the "Implementation Regulations." Units or individuals manufacturing or selling counterfeit commodities will be severely dealt with in accordance with Articles 52 and 53 of the "Implementation Regulations."

Article 15: Commercial inspection departments will collect charges in accordance with the relevant regulations for the work they have done in inspecting and assessing import and export commodities.

Article 16: In light of border trade characteristics and local conditions, commercial inspection departments in border areas may designate the scope of import and export commodities for inspection and formulate methods for exercising inspection and management.

Article 17: The State Commercial Inspection Bureau is responsible for explaining these methods. These methods will come into effect on 1 June 1993. The former "Inspection and Management Methods for Import and Export Commodities Through Border Trade (for trial implementation)" promulgated on 1 June 1992 are simultaneously revoked.

Article Views Transnational Business Operations
HK2605104794 Beijing RENMIN RIBAO in Chinese 3 May 94 p 2

[Article by Li Jianguo (2621 1696 0948): "Heading for the Arena of International Competition—Roundup of Results Scored by Chinese Enterprises in Transnational Operations"]

[Text] When the transnational groups and corporations of the developed nations were active on the world economic stage 15 years ago, China was practicing a closed-door policy, and the term "transnational corporation" was usually derogatory. Since the mid 1980's, a number of large and medium-sized Chinese enterprises with solid foundations, in conformity with the trend of the world's economic internationalization and regionalization, have stepped out of the country, have taken an active part in international competition, have established transnational companies with Chinese characteristics, and have scored gratifying achievements. The Ministry of Foreign Trade and Economic Cooperation and other units recently held the first exhibition on China's transnational operation in Beijing, displaying the course of development of China's transnational operations.

Great Achievements Attained in Transnational Operation

Since reform and opening up, the Chinese Government has vigorously encouraged and supported those large and medium-size enterprises which have the requisite conditions to seize the opportunity, take part in international competition, and engage in transnational operations. There are now more than 7,000 various types of foreign economic and trade enterprises. Their import and export volume has increased 750 percent over the past 15 years to reach \$195.8 billion. The volume of their imports and exports has leaped to 11th place internationally. Their investment abroad totals \$5.16 billion, where they now own 4,500 enterprises. The volume of foreign contracts undertaken and labor services offered totals \$32.4 billion, with a turnover of \$20 billion. Over the years, they have sent more than 800,000 contract laborers to 169 countries and regions.

The transnational operations of Chinese enterprises developed from simply setting up trade offices abroad and running processing enterprises to commodity trade, contracting foreign projects and offering labor services, international tourism, exploitation of resources, production and processing, transportation, catering, consultation, finance, and insurance, which formed a multi-level and all-directional opening up structure at various levels and channels. Of this, the China Petrochemical Corporation, China Foreign Shipping, China Hardware and Minerals Corporation, China Petroleum Engineering and Construction Company, China Construction Corporation, Guangdong Investment Group, and the international economic cooperation companies in Liaoning, Shanghai, Fujian, and Beijing are the most outstanding

transnational companies. The China Petrochemical Corporation has become a comprehensive transnational group operating in crude oil, chemical fertilizer, chemicals, and rubber and plastic goods. The corporation's business volume in 1993 totaled \$13.211 billion, ranking first in the country's foreign trade sector. The corporation was also selected by the United State's FORTUNE magazine as one of the top 30 of the world's 500 largest comprehensive service enterprises for four years in a row. The China Port Engineering Company and four other companies also joined the ranks of the 255 largest international engineering companies.

By focusing on their own trade, China's transnational enterprises developed diversified businesses. Most of them have transformed from a single business to a diversified operation and from a special company to a comprehensive company. Internationalization, industrialization, and the formation of groups has become a trend.

For example, the groups represented by the China Resources and China International Trust and Investment Corporation engage primarily in trade and investment. They are also involved in production, technology, services, finance, consultation, information, and other business areas. A number of engineering, construction, and international economic and technological cooperation companies, represented by China Construction, China Port, and China Fujian shoulder the mission of China's aid to foreign countries. Focused on contracting foreign projects and offering labor services, they are also engaged in other businesses.

Make the Most of Advantages and Develop New Markets

Although the transnational operation of China's enterprises is no match for the transnational groups of the developed nations in terms of capital and scale of business, they do have their unique advantages.

The first advantage: The state encourages and supports most of the transnational enterprises. The state bears responsibility for these companies and offers certain preferential policies. As these enterprises have strong backing in materials and capital, they enjoy high prestige. For example, in developing a real estate project, the Huarong (Macao) Engineering Company, which has done an outstanding job in recent years, smoothly proceeded with the construction of Huarong Square, which involved an investment of millions of Hong Kong dollars, and attained marked economic results because it got enormous financial support from the Fujian Finance Department and the Huaxing and Huafu companies.

The second advantage: China has gradually established a comprehensive industrial foundation and has advantages in applicable technology and traditional techniques. Some enterprises have superior operation and management experience in technology and products. At the same time, they have trained a number of qualified personnel for transnational operations.

The third advantage: The comprehensive competitiveness of enterprises is enhanced in the course of the merger. In face of the competitive international market and a small number of transnational conglomerates, China's transnational enterprises have adopted the method of gradually forming combinations at home and mergers abroad, vigorously developing export-oriented enterprise groups at home, and making full use of their economies of scale to attain superiority in cost of operation and production, technology, and management. A small number of large enterprises with solid financial foundations have started transnational mergers abroad, making full use of the available technology, management, and supply and sales network of the local enterprises to expand their operations.

In coordination with the Academy of Sciences, Qinghua University, and the Nonferrous Metal Research Institute, the China Hardware and Minerals Import and Export Corporation invested in a series of high-tech products. They also merged a number of relevant enterprises at home and abroad, gradually developed a coordinated process of raw materials extraction, processing, and export, and made marked progress in running enterprises abroad.

The Shoudu Iron and Steel Complex, which has made a major breakthrough in transnational operations since the early 1990's, has 12 enterprises abroad, involving a total investment of \$180 million. The complex invested \$120 million in purchasing Peru Iron Ore in 1992, which has become one of China's largest enterprises abroad.

Subject to Conditions and Facing Challenges

The transnational operations of China's enterprises are developing vigorously, but, on the whole, they are still in the initial development stage. As there continues to be a wide gap between China's overall national strength and that of the developed nations, and reform and opening up must still be deepened further, the transnational operations of China's enterprises are conditioned by various factors and are facing challenges.

First, capital shortages are still a prominent problem in transnational operations. As China is not yet a capital exporting nation, capital shortages will continue to condition the enterprises which have investment abroad for a long time to come. There are two ways to settle the problem: First, accommodate capital abroad and, second, enterprises pooling funds by issuing shares.

Second, attention should be given to improving the management and operation level and to speed up the training of qualified personnel. The operation and management of some of China's enterprises abroad are not ideal, and their economic efficiency is not high enough because of the low level of operations and management and unqualified managerial personnel. There are also problems in the management system, distribution of interests, enterprise organizational structure, and the operational mechanism, which must still be further improved and settled.

Moreover, as the export volume of China's technology-intensive products accounts for a very low proportion of overall exports, most of the products lack competitiveness in the international market. Meanwhile, there are defects in the regional distribution and trade structure of China's enterprises abroad. Some enterprises have no access to information and have failed to make sufficient feasibility studies on running enterprises abroad, resulting in blind investment.

Looking forward to the future, with the development of China's economy and the enhancement of China's national strength, China will continuously develop, improve, and upgrade its transnational operations.

Overseas Banks Show Interest in Chinese Market

OW2505080094 Beijing XINHUA in English 0714
GMT 25 May 94

[Text] Shanghai, May 25 (XINHUA)—Foreign banking organizations are showing more and more interest in co-operating with Chinese investment funds.

An official of the Banking Administration Bureau under the People's Bank of China said that overseas co-operators now number 40, with a total investment amount of three billion U.S. dollars.

More than 20 Chinese investment funds have their stocks listed on the securities markets of New York, London and other European countries as well as Hong Kong.

Starting in 1987, the Chinese investment funds burgeoned particularly in 1992.

Banking specialists here agree that the expansion of the Chinese investment funds overseas indicates foreign investors' appreciation of the prospects for China's economic development. It also paves the way for China to absorb overseas capital and stimulates the growth of domestic investment funds.

Official Views Development of 'National Bond Market'

HK2505050894 Beijing ZHONGGUO XINWEN SHE
in English 1251 GMT 24 May 94

[Text] Beijing, May 24 (CNS)—Overseas listing of shares issued by China's enterprises should be based on the development of domestic securities market, the Deputy Director of the State Debts Management Department of the Ministry of Finance Mr Gao Jian said in the opening ceremony of a senior training class for the overseas listing of China's enterprise shares.

Such listing, according to Mr Gao, is a matter of fund raising as well as development of the securities market. So long as the securities market at home develops to a certain extent in which various kinds of markets operate quite sound and are under proper supervision while enterprises see greater capability for self renovation and

for further development, enterprises are then qualified for the listing of their shares abroad and an expected success is therefore possible.

Mr Gao pointed out that China's securities market started in 1988 with establishment of the circulation market for national bonds. He added that the national bond market was considered the centre of the entire securities market. Proper handling of relationship between the national bond market and the securities market is key to healthy development of the securities market in China. [as received]

The national bond market has in recent years proceeded at a fast pace with business entities undertaking transaction of national bonds situated at various cities across the country. A layout for securities trading basically took shape with the Shanghai Securities Exchange, the Shenzhen Securities Exchange and the Wuhan Securities Centre as its core and featuring a national automated securities quotation system as well as a large number of trading venues outside the exchange centres. The trading pattern covers spot transaction, national bond futures and repurchase transaction. A new system for the trading of national bonds which was set up last year will see further improvement this year while the system for issuance and circulation of the no-voucher national bonds tended to be much more sound.

State Council Approves Taxation Administration Plan

OW2505070794 Beijing XINHUA Domestic Service in Chinese 0540 GMT 24 May 94

[Text] Beijing, 24 May (XINHUA)—The State Council has recently approved the "State Administration of Taxation's [SAT] Program on Designating Its Functions, Interior Organizations, and Personnel Structure." In accordance with the program's requirements, the SAT will further adapt to the need to develop a socialist market economy, will accelerate the pace of taxation reform, and will strengthen macroeconomic regulation and control and supervision over the organization and collection of tax revenues so as to promote the sustained, rapid, and healthy development of the national economy.

In accordance with the "program on designating its functions, interior organizations, and personnel structure" approved by the State Council, the SAT will need to strengthen the following principal functions: The SAT will participate in formulating taxation laws, regulations on tax collection, and rules for their implementation. The SAT will study and improve taxation reform programs and will organize manpower and efforts to implement them. It will strengthen tax revenues' important regulatory functions in various aspects including during the process of pursuing state industrial policies, facilitating economic restructuring, allocating resources rationally, and ensuring fair competition between enterprises. Furthermore, the SAT will intensify tax-collection efforts to ensure a steady rise in revenues. It will improve

tax-collection administration, will establish and improve a system that systematically and scientifically levies and administers tax revenues based on the Law on Levying and Administering Tax Revenues, and will use various modern formats to increase its capabilities for levying and administering tax revenues. Additionally, it will intensify the dissemination of taxation laws, will increase tax-paying awareness among all the people, and will establish a vertical leadership structure under the SAT that will fulfill the requirements of the separated taxes system.

Tax Collectors Given Broader Authority

HK2505084494 Beijing CHINA DAILY in English 25 May 94 p 2

[By Liu Weiling: "State Grants Broader Powers to Tax Collectors"]

[Text] Tax collectors have been empowered to improve their role in the country's market-oriented restructuring.

The State Council gave final approval for a programme spelling out more specifically what tax collectors can do to gather revenues, the State Administration of Taxation said.

The State Council, China's cabinet, wants tax collectors to have broader authority in order to increase State revenue and better regulate the market economy.

Tax collectors are also asked to foster a growing sense of tax obligations among the public.

Although the country's tax revenues registered steady growth in recent years, tax collectors still struggle with tax evaders, among them both enterprises and individuals.

The administration seeks to speed up tax collection and help sustain fast and healthy development of the national economy.

The administration will increase its involvement in drafting tax laws, regulations and detailed rules, and studying, improving and implementing the tax reform programme.

The changes are also expected to strengthen the role of taxation in carrying out national industrial policies, readjusting the economic structure, and more rationally allocating resources to ensure fair competition.

The goal is to establish a standardized and more rational tax collection system.

By the end of February, the country's industrial and commercial tax revenue increased 32.2 per cent from the corresponding period of last year.

Campaign To Change Operating Mechanisms Expected

OW2505114694 Beijing Central People's Radio Network in Mandarin 1030 GMT 22 May 94

[From the "National Hookup" program]

[Text] The State Economic and Trade Commission recently decided to launch a campaign among enterprises across the country to change operating mechanisms, improve management, tap internal potential, and raise economic efficiency while deepening the regulations on changing enterprises' operating mechanisms. The campaign, which will be initiated this year, is aimed at providing guidance to enterprises on tapping their potential, improving quality in an all-round way, better adjusting themselves to the market, and competing in the market.

A State Economic and Trade Commission spokesman recently briefed reporters on the campaign's purpose and demands. He said: The purpose of launching the campaign is to proceed steadily in establishing a modern enterprise system in accordance with the need to develop a socialist market economy so as to lay the microeconomic groundwork for the market economy. Through the campaign, we will strive to raise or improve, with appreciable results, enterprises' technical and economic indexes for product development, quality, energy and raw materials consumption, capital turnover, and safety over the next two to three years. We will raise the leading economic and technical indexes of more enterprises, bring them up to or close to advanced international levels. Deficit-ridden enterprises will reduce their losses or turn losses into profits, and the general level of enterprise management will reach a new high. We will bring about remarkable improvements in managing basic affairs, financial matters, on-site operations, general affairs, and operating and marketing matters. Enterprises, which are basically well-managed and outfitted with advanced technology and equipment, should move toward advanced international levels in operation-related management.

The spokesman said: To assess the campaign's results, we will generally adopt the single-index listing format. Each year, all localities and departments will list, index by index, the results of given industries as measured against specified evaluation criteria; they will then publish the results.

Managers Learn How To Get Companies Listed Overseas

OW2405185394 Beijing XINHUA in English 1324 GMT 24 May 94

[Text] Beijing, May 24 (XINHUA)—One hundred and twenty managers from China's big-sized enterprises attended a training session on how to get their companies listed overseas in accordance with international practice.

The instructors are officials from the China Securities Regulatory Commission, the State Commission for Restructuring the Economic System, the State Planning Commission and the National Administrative Bureau of State-Owned Property, as well as several overseas underwriters.

During the three-day training session, they will elaborate on how to reform the current accountancy system in accordance with international practices, procedures of overseas listing and relevant legal and asset valuation issues.

Stocks of eight Chinese companies are now traded in Hong Kong and those of three in New York. China will have 22 more companies to be listed in these two places this year.

Policy Offers Loans to Loss-Making State Enterprises

HK2505101394 Hong Kong HSIN WAN PAO in Chinese 25 May 94 p 6

[“Special dispatch”: “China Issues Loans To Support Six Types of State-Owned Loss-Making Enterprises”]

[Text] Beijing, 25 May (HSIN WAN PAO)—The relevant quarters in China recently decided to adopt a preferential policy this year and next for state-owned industrial enterprises, especially for the six types of enterprises, with regard to offering loans of circulating funds.

It has been a serious phenomenon for a long time that state-owned enterprises owe one another loan repayments and this seriously hinders their operations. For this reason, it is very necessary for the state to concentrate some capital to clear the debts of key industries in addition to settling bank bills to strengthen credit measures by the banks.

It has been learned that the state-owned loss-making industrial enterprises for which the State has decided to give support in terms of circulating funds comprise the following six types: Enterprises whose products have a ready market and whose production and marketing rate is greater than 93 percent; foreign-trade export-oriented enterprises which make profits from exports and have export orders but lack circulating funds for the execution of contracts; enterprises whose production continues all the year round and whose products are marketed in a particular season or whose production lasts for a particular season and whose products are marketed all the year round; enterprises with clear loss-curbing goals; enterprises which ensure that [loss-curbing] measures are implemented; and those enterprises which have begun to produce profit-making products and hope to curb losses in one or two years.

For these six types of state-owned loss-making enterprises, the relevant banks will grant support loans using the average amount of the actual loans of circulating

funds obtained between 1991 and 1993 as the base. These enterprises should pay back the loans as scheduled in accordance with the loan contracts. If they fail to do so, their banks can stop offering loans to them.

This preferential circulating-fund policy also means that the State's loans to profit-making industrial enterprises this year and next generally will not be lower than the amounts in 1993. It will increase loans to enterprises whose returns are good appropriately, in keeping with deposit status of the banks in the current year.

When deciding to offer loans of circulating funds to state-owned enterprises, the relevant quarters specifically stressed the need to pay attention to integrating production and marketing and to continue to strictly limit the production of unmarketable and overstocked products in keeping with the principle of "increasing the production of marketable products, limiting the production of less marketable products, and stopping the production of unmarketable products."

'Commodity Accountability System' To Be Introduced

HK2605043494 Beijing CHINA DAILY in English 26 May 94 p 3

[By Ma Zhiping: "System to Make Shops Responsible For Goods"]

[Text] Shops and manufacturers will no longer be able to shrug off the complaints of customers in the near future.

The Ministry of Internal Trade plans to introduce a "commodity accountability system" to all State and collectively-owned stores later this year.

The proposal has been welcomed by consumers.

"This is an important move which will make our work easier in the protection of consumers' rights," said a spokeswoman with the Beijing-based China Consumer Association.

But the new rule will need to be given more publicity in order to make it effective, she added.

Trials were set up in a number of State-owned stores in big cities last year.

The new system obliges State owned stores to handle consumers' complaints on sub-standard goods, offering a repair and exchange service and paying compensation if necessary.

In this way, customers can settle their grievances quickly. And shopkeepers will not be able to pass on responsibility to producers.

Under the commodity accountability system store managers and consumers can confront the producer if a shoddy product causes injuries.

Only when consumers demands have been met other concerns such as quality and transport problems can be addressed by the stores to the manufacturers and the transporters.

But the system will not apply to privately owned shops and markets.

The aim of the new system is to help establish and maintain a reliable image for State and collective-owned stores and prevent shoddy commodities from entering these shops the official said.

Since the trials were started last March the new practice has been successfully implemented in 100 State-run department stores in Tianjin, Beijing, and Harbin.

Business volume in Tianjin stores increased by 30 per cent in six months since the system was introduced. And the number of consumer complaints dropped by 50 per cent.

In Beijing 50 shops and department stores were praised by the public for their improved service.

List of Banned, Severely Restricted Toxic Chemicals

HK1805121594 Beijing GUOJI SHANGBAO in Chinese 20 Apr 94 p 3

["List of Toxic Chemicals Banned or Severely Restricted in PRC First Batch"]

[Text]

No.	US CAS-No.	Use	Degree of Restriction	H.S. Code Preparation	H.S. Code Pure Substance
1	12001-28-4	Industry	Banned		2524.0090
2	1336-36-3	Industry	Severely Restricted [SR]		2903-6990
	59080-40-9				
3	27858-07-7	Industry	SR		2903-6990
	13654-09-4				
4	126-72-7	Industry	SR		2919-0000
5	545-55-1	Industry	SR		2933.9000
6	107-13-1	Industry	SR		2926.1000

7	107-27-7	Agriculture	Banned		2805.9000
	62-38-4				
8	309-00-2	Agriculture	Banned	3808.1000	2903.6990
9	60-57-1	Agriculture	Banned	3808.1000	2910.0000
10	72-20-8	Agriculture	Banned	3808.1000	2910.0000
11	50-29-3	Agriculture	Banned		2903.6200
12	608-73-1	Agriculture	Banned	2808.1000	2903.5100
13	76-44-8	Agriculture	Banned	3808.1000	2903.6990
14	118-74-1	Agriculture	Banned		2903.6200
15	13121-70-5	Agriculture	Banned	3808.1000	2931.0000
16	106-93-4	Agriculture	Banned	3808.1000	2903.3000
17	640-19-7	Agriculture	Banned	3808.1000	2924.1000
18	93-76-5	Agriculture	Banned	3808.1000	2918.9000
19	96-12-8	Agriculture	Banned	3808.1000	2903.4029
20	298-03-3	Agriculture	Banned	3808.1000	2930.9090
21	57-12-5	Agriculture	Banned		2837.0000
22	57-47-9	Agriculture	SR	3808.1000	2903.6990
23	6164-98-3	Agriculture	SR	3808.1000	2921.4200
24	76-06-2	Agriculture	SR	3808.1000	2904.9090
25	7440-38-2	Agriculture	SR		2811.2900
26	87-86-5	Agriculture	SR	3808.1000	2908.1090
27	88-85-7	Agriculture	SR	3808.1000	2908.9090

Note: 1 = Crocidolite; 2 = PCBs; 3 = PBBs; 4 = Tris (2, 3- dibromopropyl) phosphate; 5 = Tris-aziridinyl-phosphin oxide; 6 = Acrylonitrile; 7 = Mercury compounds; 8 = Aldrin; 9 = Dieldrin; 10 = Endrin; 11 = DDT; 12 = HCH. Mixed isomers; 13 = Heptachlor; 14 = Hexachlorobenzene; 15 = Cyhexatin; 16 = EDB; 17 = Fluoroacetamide; 18 = 2, 4, 5-trichloro-benzene-oxyacetate; 19 = DBCP; 20 = Demeton; 21 = Cyanide; 22 = Chlordane; 23 = Chlordimeform; 24 = Chlorpicrin; 25 = Arsenic compounds; 26 = Pentachlorophenol; 27 = Dinoseb

Guangdong Governor Inspects Zhaoqing City

HK2605072894 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 22 May 94

[Text] On 17-21 May, provincial Governor Zhu Senlin and relevant responsible persons of the provincial government went deep into grass-roots units in Zhaoqing city to find out about the situation in the city and listen to their opinions. They worked together with local leaders to study how to further grasp well the work of deepening and promoting reform and maintaining stability.

During the inspection tour, some enterprises raised the issue of rising of production costs due to the shortage of funds and price increases of raw and processed materials, which constrained economic development. Zhu Senlin stressed that they must mainly rely on their own efforts to overcome difficulties, and that they must adopt their own methods even if they make use of foreign capital, or speed up capital turnover. He affirmed the method employed by Zhaoqing city of expanding the base and making use of limited funds to ensure circulating funds for normal production, funds for developing

agriculture and purchasing agricultural and sideline products, and funds for purchasing products to be exported.

Shanghai To Establish Nation's First Gold Exchange

HK2605073694 Hong Kong CHING CHI TAO PAO in Chinese No 19, 16 May 94 pp 26

[From "China Economic News" column: "China to Set up Gold Exchanges"]

[Text] China's first gold exchange, whose trading regulations and structure will follow international conventions, is expected to open for business in Shanghai in the second half of the year.

According to a manager in the development department of Shanghai Wanguo Securities, China will set up a few gold exchanges and has chosen Shanghai to conduct a pilot program before establishing such institutions in Shenzhen and other cities. The financial administration of the People's Bank of China is studying programs on the development of gold exchanges, including rules and regulations, trading structures, and traders' qualifications. Gold exchanges in China are aimed ultimately at opening themselves to the outside world and establishing links with international markets.

Yunnan Hosts Taxation Supervision Conference*HK2605101694 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 18 May 94*

[Text] A national taxation supervision work conference was convened in Kunming yesterday. The conference reviewed the progress of the anti-corruption struggle waged by taxation departments at all levels across the country since last year, exchanged taxation work experiences, studied and worked out a series of new measures to deepen the ongoing anti-corruption struggle, discussed establishing discipline inspection and supervision organs within all taxation subbureaus, and studied and revised the existing taxation law enforcement supervision measures.

Zhang Xianghai, deputy director of the State General Administration of Taxation, delivered a speech at the conference in which he summed up last year's taxation work, advanced proposals on this year's taxation work, and expressed the hope that all comrades attending the conference would conscientiously discuss the aforementioned issues, work hard to make the conference a complete success, and strive to raise the country's taxation supervision work to a higher level.

Li Jiating, provincial party committee Standing Committee member and provincial vice governor, also attended the conference and delivered a speech in which he briefed the participants on Yunnan's taxation supervision work. Lang Dazhong, provincial party committee Standing Committee member and Discipline Inspection Commission secretary, persons in charge of various provincial departments, and others also attended the conference.

Column Urges Serious Concern for Agriculture*HK2605053094 Beijing RENMIN RIBAO in Chinese 25 Apr 94 p 5*

[Article by Zheng Zhifang (6774 1807 5364) From "Earnestly Study the Third Volume of the *Selected Works of Deng Xiaoping*" column: "It Is Necessary to Constantly and Tightly Grasp the Agricultural Problem"]

[Text] Comrade Deng Xiaoping has always paid great attention to problems concerning agriculture, rural areas, and peasants. In many articles in the third volume of the *Selected Works of Deng Xiaoping*, he makes brilliant expositions about the importance of problems concerning agriculture, rural areas, and peasants, and about ways to promote agricultural production and improve rural work. Earnestly studying these expositions is of great importance to upholding the ideological guidance that agriculture serves as the foundation of the national economy, to further invigorating agricultural production and improving rural work, to maintaining social stability, and to promoting a sustained, rapid, and healthy development of the economy.

We Must Never Forget Agriculture Is the Foundation of the Economy

In sizing up the situation, studying problems, or making policy decisions, Comrade Xiaoping has always attached top strategic importance to problems concerning agriculture, rural areas, and peasants. He has repeated on many occasions that agriculture plays a key strategic role in our effort to develop agricultural production. He said: "In our strategy for economic development, energy and transport are the key points, so is agriculture." He believed that whether the Chinese economy will develop depends on whether rural areas make progress and on whether peasants can lead a good life. Whether the objective of quadrupling the 1980 GNP will be attained by the end of this century mainly depends on the efforts of peasants, who account for 80 percent of the Chinese population. Stability in rural areas is the foundation of national stability. "A total of 80 percent of the Chinese population resides in rural areas, so whether China will maintain stability mainly depends on whether rural areas will maintain stability. Even if we have done a good job in urban areas, we will go nowhere without a stable countryside serving as the foundation." "There will be no overall political stability without rural stability. We will not shake off poverty if the peasants do not shake off poverty." Comrade Xiaoping has repeatedly told the whole party: "Agriculture is the foundation of the economy, we must never forget this"; "it is essential to have a constant and firm grasp of agriculture." The priority placed by Comrade Xiaoping on problems concerning agriculture, rural areas, and peasants is based on his consideration of international and internal economics and politics, so what he has said is highly pertinent. We must arrive at an adequate understanding of his expositions. We must regard problems concerning agriculture, rural areas, and peasants as important issues affecting social stability, consolidation of the achievements we have made in reform, our efforts to attain the objective of the modernization drive, and the future and destiny of the party and the country.

However, in the previous period, quite a number of leading cadres have failed to really put agriculture in the first place of the economic work. Especially in the process of developing a market economy, leading cadres in many places shifted their energy elsewhere, neglecting or relaxing their leadership over agriculture. To counter this tendency, Comrade Jiang Zemin, in speeches at the national conferences on rural work held in October 1993 and March this year, called on the party membership to conscientiously study Comrade Xiaoping's important expositions about agriculture and sum up our experience in developing agricultural production to further uphold the ideological guidance that agriculture is the foundation for the economy. He said: As we step up reform and open China more widely to the outside world, there will be more need for us to attach importance to, safeguard, and strengthen agriculture. It is necessary to really, rather than superficially, practically, rather than verbally, and wholeheartedly, rather than half-heartedly, strengthen agriculture as the foundation for the

economy. Provincial, autonomous regional, and municipal party committees must devote great efforts to rural work and prefectural and county party committees must also focus on it. The success of rural work should become an important criterion for appraising the work results of key leading cadres.

Grain Problem Is the Principal Problem for Agricultural Production

Comrade Xiaoping has given top priority to the grain problem. He believed that the grain problem is part and parcel of agricultural production. While talking to responsible members of the State Planning Commission, the State Commission for Restructuring the Economy, and the department in charge of agricultural production in January 1983, Comrade Xiaoping said: "We should have an overall plan for agricultural development. We must first of all increase grain production... and basically solve the problem of adequate grain production by 2000. This is an important strategic plan."

After listening to reports by leading comrades of the central authorities on the economic situation in June 1986, he pointed out: "In exercising macroeconomic control, we should put agriculture in an appropriate place, bearing in mind the general objective of producing 480 billion kg of grain per year by the end of this century. The practice of importing a large quantity of grain should not be repeated in a few years, because that will affect our economic growth rate."

Grain is the people's most fundamental means of subsistence and also an important raw material for light industry, so it has a direct bearing on the people's basic livelihood and immediate interest, on social stability, and on economic development as a whole. Especially in China, a big country with 1.1 billion people, if something has gone wrong with grain production, no country in the world can save us. If we live on imported grain, we will be controlled by others. Therefore, we must, at any time, never forget this important matter regarding independence and self-reliance of our nation, must pay close attention to the matter, and try our utmost to solve the problem, never relaxing our vigilance a bit.

Township Enterprises Must Be Developed and Upgraded

Comrade Xiaoping has paid great attention to the development of township enterprises and has given a high appraisal of achievements made by township enterprises. He said gladly in June 1987: "The most rewarding achievement totally unexpected in rural reform is the setting up of township enterprises. Many small enterprises in various trades suddenly emerged as a new force and worked together to develop a market economy. This does not reflect the merits and achievements of the central authorities. Township enterprises have been growing at an annual rate of 20 percent for several years." He believes that the township enterprise is an invention of the Chinese peasants. Comrade Xiaoping has adequately affirmed the important role the township

enterprises have played in rural reform and development. After listing township enterprise achievements such as "helping promote rural development," "giving jobs to people who accounted for 50 percent of surplus rural labor," and "building up a large number of small new towns," he has emphasized that "township enterprises are very important" and that "they must be developed and upgraded."

Thanks to the great concern of Comrade Xiaoping and under the leadership of the party Central Committee and the State Council, China's township enterprises have developed and been upgraded more rapidly over the last few years. They have made gratifying achievements and have become the mainstay of our rural economy and an important pillar of our national economy. In 1993, China's township enterprise output value totaled 2.9 trillion yuan, net profit was 160 billion yuan, taxes turned over to the state totaled 95 billion yuan, export volume was 190 billion yuan, and 112 million workers were employed. By now, the annual gross output value of township enterprises constitutes over 60 percent of the gross rural output value and "one-third" of China's gross industrial output value. History has proved and will continue to prove that if the countryside is to become moderately prosperous, it is essential to develop township enterprises. The township enterprise serves as our greatest project for supporting poor areas and achieving common prosperity and a fundamental guarantee for attaining agricultural modernization.

Appropriate Policies and Science Are Essential to Agricultural Development

After making an in-depth analysis of our experience in developing agriculture, Comrade Xiaoping clearly pointed out that "two things are essential to agricultural development: appropriate policies and science." He adequately affirmed the correctness of the party's policy on introducing the contract responsibility system on a household basis with remuneration linked to output. The system has proved effective and must not be changed for a long time, he said. He told the third full session of the Central Advisory Commission: "If we change the present policies, the state and the people will suffer losses, so the people, the 800 million peasants in particular, will come out against us. If we change present rural policies, we will immediately lower peasant living standards." "Judging by our experience, the present generation must not change the policies, neither must future generations." In the meantime, he was fully positive of the "endless development and role of science and technology" and vigorously advocated "tilling the land in a scientific way" and invigorating agriculture by applying scientific and technological achievements and promoting education. In a speech given in January 1983, he pointed out that "great efforts should be made to intensify research on agricultural science and technology and train more agricultural technicians, as well as to tackle key problems in agricultural scientific research."

In line with Comrade Xiaoping's thinking on agricultural development, that is, that appropriate policies and science are essential to agricultural development, we must continue to stabilize the party's policies for rural areas and improve and develop them in practice. In addition, we must take effective measures to promote research on agricultural science and education and to propagate advanced agricultural techniques.

We Have To Make Two Breakthroughs To Enhance Agricultural Reform and Development

Comrade Xiaoping told several leading comrades of the central authorities in March 1990: "From a long-term point of view, we have to make two breakthroughs to enhance China's socialist agricultural reform and development. The first breakthrough is to abolish the people's commune and introduce the contract responsibility system on a household basis with remuneration linked to output. This is a major advance, we must not change the system for a long time. The second breakthrough is to operate farming on an appropriate scale and develop the collective economy to meet the needs of tilling the land in a scientific way and of socialization of production. This is another major advance and needs, of course, a long period."

The contract responsibility system on a household basis with remuneration linked to output is a great creation by Chinese peasants. Its greatest advantage has manifested itself in thoroughly doing away with the practice of "allowing everyone to eat from the same big pot" and thus enabling the peasants to make land management decisions on their own. The system has greatly mobilized peasant enthusiasm for production and thus greatly liberated productive forces in rural areas. With the development of rural productive forces and the planned economy being replaced by the market economy, the contradictions between separation of landholding and intensive management and between individual household operation and socialized production have become increasingly acute. To solve these contradictions, it is necessary to operate farming on an appropriate scale and develop the collective economy. This is a very difficult policy issue. We must properly explore and analyze our experience before we can work out the guiding principle and policies, as well as measures to implement the principle and policies. Our fundamental approach is that we must work energetically rather than rashly to attain our objective. Judging from our successful experience in introducing the cooperative joint-stock system in the countryside, the system should serve as a vanguard in deepening rural reforms and achieving the second breakthrough in the countryside.

State Council Decides To Increase Farm Loans

HK2405151794 Hong Kong CHING CHI TAO PAO in Chinese No 20, 23 May 94 p 24

[From the "Chinese Economic News" column: "Farm Loans Boosted for Second Half of the Year"]

[Text] It has been revealed that, to further increase inputs to the agricultural sector, the State Council has decided that the proportion of farm loans in the increase of all loans for the second half of the year would be raised to 10 percent from last year's 6 percent.

It has been said that this year the agricultural bank will continue to fix the focus of credit loan work on supporting agriculture and rural economic development and developing industries and products with high additional value, high commodity rates, and high exchange rates, while supporting the implementation of a strategy for reinvigorating agriculture with science and technology, such as the "Spark Plan." The bank will also focus on the implementation of the plan for supporting the impoverished in the Eighth Five-Year Plan and will guide enterprises to enter the market, participate in competition, amass funds, and select a number of key projects of enterprises in townships and towns to accelerate their technological transformation.

In 1994, the agricultural bank plans to make arrangements for farm loans in terms of 29 billion yuan, up by 28 percent from the 1993 plan.

Since the beginning of this year, the state has decided to give focal support to 500 counties that produce commodity grains and 150 counties that produce high-quality cotton; at the same time, it will set up a number of "two-high, one good-quality" exemplary farm zones with various characteristics in different regions in a planned way. The agricultural bank will do a good job of work in supervising the corresponding loans.

Nation Urged To Ensure Harvest Through Summer Work

OW2605055894 Beijing XINHUA Domestic Service in Chinese 0902 GMT 23 May 94

[By reporters Wang Yanbin (3769 6066 1755) and Zhao Lianqing (6392 6647 1987)]

[Text] Beijing, 23 May (XINHUA)—As summer approaches, all localities will be busy with three summer jobs—summer harvest, summer planting, and summer field management. As information from various major summer grain and oil-bearing seed production bases indicates, this year's summer crops are growing well. Especially since the last 10-day period of April, there have been several rainfalls which are very beneficial to the bumper harvest of wheat. Despite damage from drought, waterlogging, and freezing, the total output of summer oil-bearing seed crops is expected to be higher than last year. At present, summer crops are entering the yellow maturity period from north to south. According to experts from the Ministry of Agriculture, this is a critical stage for the bumper harvest of wheat, and it is imperative to pay attention to field management to ensure a bumper harvest of summer crops.

How can we do a good job in promoting short-term agricultural production? According to relevant departments of the central authorities, the following five points are very important:

First, it is necessary to have a full understanding of the importance of field management during the yellow maturity period. We should seize the opportunity and use every possible means to increase the grain number and grain weight so as to enhance the per unit output and make up for what is affected by the decreased sown acreage. All localities should take effective measures according to local conditions. In particular, they should provide enough irrigation water during the filling period. This is a critical measure for increasing the grain weight.

Second, government departments at all levels should strengthen guidance and service to agricultural production. Cadres at all levels should go down to grass-roots units and help peasants solve concrete problems. Departments in charge of means of production, farming machines, oil, and transportation should properly arrange the production and shipment of various means of agricultural production and ensure their supply in a timely fashion. Agricultural departments at all levels should organize scientific and technological personnel to go down to the first line of production and provide technical guidance and pest prevention service.

Third, it is necessary to always foster an ideology of fighting against natural disasters to reap bumper harvests. Efforts should be made to avert peril. According to weather predictions, in the last 10-day period of May, there will be two rainfalls and possibly rainstorms, gales, or hail. In addition, dry winds might come at the end of

May. All agricultural production areas should closely watch the weather changes and do their best to prepare to prevent various natural disasters. They should also do a good job in pest prevention. Once the harvesting begins, all-out efforts should be made to bring the crops in as soon as possible.

Fourth, good preparation should be made for the purchase of summer crops. Governments at all levels should take active measures to ensure enough funds before the purchase season arrives. Departments at all levels should be responsible for their work. Efforts should be made to ensure that peasants will not be given IOU's for crops sold to the government. Financial, grain, and banking departments should work together, pay attention to the market situation, and ensure the pooling of enough funds for the purchase. It is necessary to strengthen management of the grain and edible oil market, and ensure the smooth progress of purchase work.

Fifth, while concentrating on the purchase of summer crops, all localities should lose no time in promoting summer field management and summer planting. Particular effort should be made to enlarge sown acreage of summer crops.

Relevant departments of the central authorities held that the bumper harvest of summer crops has a direct bearing on this year's agricultural production. All localities should try every possible way to achieve a good result in "the summer harvest, summer planting, and summer field management." They should work hard in the summer to enjoy a good harvest in autumn. In this way, they can ensure a year-round bumper harvest.

East Region

Fujian Radio Station Officially Begins Broadcasting

HK2605100594 Beijing ZHONGGUO XINWEN SHE
in Chinese 1255 GMT 1 May 94

[By reporter Zeng Xiancheng (2582 2009 2052)]

[Text] Fuzhou, 1 May (ZHONGGUO XINWEN SHE)—Fujian Literature and Art Radio officially started broadcasting this morning. At this point, Fujian People's Broadcasting Station, which has a 45-year history, has already developed into four specialized stations; namely, Southeast Radio Company, Economic Radio, People's Radio, and the Literature and Art Radio, thus satisfying as much as possible the many diversified needs of the masses.

The reform of Fujian broadcasting began step by step in 1993. The Southeast Radio Company was the first one to begin broadcasting. Then came Fujian Economic Radio and the Fujian People's Broadcasting Station's Comprehensive News Radio. At present, these specialized radio stations are flourishing and well received by the broad masses of people, to the extent that radio broadcasting, which had been seriously challenged by television programming, shows great vitality again.

Fujian Literature and Art Radio, established upon approval by the Ministry of Radio, Film, and Television, is a comprehensive radio station that mainly broadcasts music, but will also broadcast literature and drama. After beginning broadcasting, it will diligently build a great hall of literature and art to provide the public with a new dimension of entertainment, appreciation, enlightenment, and development.

Jiangsu Holds Meeting on Enterprise Management

OW2605103194 Nanjing Jiangsu People's Radio
Network in Mandarin 2300 GMT 24 May 94

[From the "Provincial News Hookup" program]

[Text] A provincial meeting on enterprise operations opened in Zhenjiang on 24 May. The meeting will adhere to the guidelines of the national economic and trade conference and the national conference on enterprise management; sum up and exchange experience in enterprise operation; and specifically discuss such questions as how to conduct experiments on the modern enterprise system in selected enterprises, improve enterprise management, and turn deficits into profits. It will also arrange the work for the next period.

The meeting pointed out: The major tasks concerning enterprise operation in the province are adhering to the principle of seizing opportunity, deepening reform, opening up wider, promoting development, and maintaining stability to deepen enterprise reform, with

emphasis on modernizing the enterprise system; to implement in an all-round way the regulations on changing operational mechanisms and the regulations on supervision and take various actions to accelerate the change in operational mechanisms; to improve enterprise management, promote technical progress, and step up cadre training; and to strive for new progress in enterprise operation.

The meeting decided to conduct a provincial-level experiment on the modern enterprise system at 100 selected large and medium state-owned enterprises in the province in the next few years; and an experiment on supervision over state-owned property in 10 large and medium key state-owned enterprises through reappraisal of their fixed assets and circulating funds by the boards of supervisors, who are appointed by the provincial authorities. At the same time, [words indistinct] new ways and new experience of state-owned enterprises.

Commentary Views Social Stability in Jiangxi

HK2605064794 Nanchang JIANGXI RIBAO in Chinese
11 May 94 p 1

[Commentator's Article: "Resolutely Dealing Blows at Crimes, and Preserving Social Stability"]

[Text] Courts in our province have openly announced court judgments on a number of criminal cases, and some criminal elements guilty of seriously breaking the criminal law and harming the society have been duly punished by the law. This is an important measure for implementing the relevant spirit of the central authorities in our province and strengthening the attack on severe crimes. It is of great significance to preserving social stability, consolidating and developing the present favorable situation of stability and unity, ensuring smooth progress in reform, opening up, and economic construction, and protecting the lives, property, and safety of the masses.

At present, a handful of criminal elements in society are swollen with arrogance and feel reassured and emboldened. Some of them waylay or kill persons to seize their goods. Stealing has become second nature. Some rape women, or form criminal gangs to ride roughshod in their home villages and towns. Some criminal elements commit all manner of crimes which make one's hair stand on end. Some are economic criminal elements who are blinded by greed. They abuse their posts to wantonly practice corruption, take bribes, and harm the interests of the state and collectives. All this criminal activity has severely jeopardized society and obstructed the smooth progress of reform, opening up and economic construction. They are a social hindrance to deepening reform and speeding up development. The masses clap and cheer when these criminal elements are prosecuted and heavily punished according to law.

We need a fine social environment to carry out reform and opening up and to develop our socialist market economy. Social stability is the foundation for smooth

progress in all work. Comrade Deng Xiaoping points out: "Without a stable environment, we can achieve nothing. We will even lose those achievements which have been scored." Recently, central leading comrades have repeatedly stressed that we must pay attention to the overall situation of the work of the entire party, correctly handle relations between reform, development and stability, and ensure social and political stability. With the continuous deepening of reform and opening up, our task of preserving social stability has become increasingly important. Party organizations at all levels throughout the province must conscientiously implement our strategic guidelines of "doing two types of work simultaneously and attaching equal importance to both." They must proceed from the overall situation of the great cause of modernization to understand the importance of maintaining social stability. On the one hand, we must continue to uphold the principle of "dealing heavy blows to crime" to severely and promptly crack those unrepentant criminals guilty of crimes for which even death is insufficient punishment, criminal gangs which severely harm the society, serious economic crimes, and arch criminal elements who despise social morality and laws and wantonly trample on our residents' life and property. This will embody the deterrent role of our laws and the great power of our people's democratic dictatorship. On the other hand, we must persist in doing well in comprehensive management of public security, and attach importance to cracking and preventing crimes and bringing about temporary and permanent solutions with emphasis on permanent solutions.

Establishing a socialist market economic system is a new undertaking and a magnificent, systematic project as well. It needs coordination and cooperation from various quarters. It needs a fine social environment and effective legal protection. The faster we speed up the pace of reform and opening up, the greater efforts we must exert to crack various kinds of criminal activities and preserve social stability and unity. As long as we make unremitting efforts and truly "do two types of work simultaneously and attach equal importance to both," our reform, opening up, and modernization will progress in a still faster and better manner.

Jiangxi Sets Agricultural Targets, Assists Farming

OW2605063994 Beijing XINHUA in English 0600
GMT 26 May 94

[Text] Nanchang, May 26 (XINHUA)—East China's Jiangxi Province, one of the country's major grain-producers, vows to produce 15 billion kg of grain and 200 million kg of cotton this year.

While expanding cultivated areas under grain and cotton, the provincial government has already mobilized the enthusiasm of farmers for bigger outputs, a provincial official in charge of agriculture said.

In addition, the government has prompted adjusted its rural policy to allow the transfer of land-use in the rural areas, and sent local cadres to villages to help farmers solve problems on the spot.

Besides the special funds allocated by the provincial government, banks in the province have granted three billion yuan in loans to help farmers with production.

Shandong Secretary Discusses Party Building Theory

SK2605103394 Jinan DAZHONG RIBAO in Chinese
14 May 94 p 1

[Text] The Society for Research of Party Building of Shandong Province was inaugurated in Jinan on 13 May. Jiang Chunyun, secretary of the provincial party committee, attended the inaugural meeting to extend congratulations and make a speech. He stressed: We should positively conduct joint research for the theory of party building by focusing on the difficult problems with regard to the overall situation of the whole party as well as the work of party building. We should also strive to achieve as more results as possible at an earlier date in order to make due contributions to promoting the province's economic construction and the development of all undertakings.

The Society for Research of Party Building of Shandong Province is a mass academic organization. Its purpose is to conduct a profound research for the major practical and theoretical questions concerning party building in reform, opening up, and modernization with a view to facilitating party building and economic construction of Shandong, under the guidance of Marxism-Leninism-Mao Zedong Thought and the theory of building the socialism with Chinese characteristics, and by centering on the party's basic line.

The society invited Jiang Chunyun, secretary of the provincial party committee, and Li Farong, veteran comrade of the province, as its honorary directors, and elected Li Wenquan, deputy secretary of the provincial party committee, as its deputy director.

The inaugural meeting was presided over by Comrade Li Wenquan. Comrade Jiang Chunyun said in his speech: The inauguration of this society is a major event in the political life of the province. The society will certainly play a positive role in further strengthening the research and propaganda of the theory of party building, in achieving success in party building, and in promoting the development of all undertakings of the province.

Jiang Chunyun pointed out: We should persistently use Comrade Deng Xiaoping's theory of building the socialism with Chinese characteristics to guide the research and practice of party building. This society should give first priority to studying, researching, and propagating the theory advocated by Comrade Deng Xiaoping. At the moment, we should lay emphasis on studying well Volume Three of the "Selected Works of

Deng Xiaoping" and on profoundly comprehending the essence of the guidelines of Comrade Deng Xiaoping's theory with a view to truly studying, mastering, propagating, and applying this theory well. At the same time, we should integrate the study of Comrade Deng Xiaoping's theory with the study of Marxism-Leninism-Mao Zedong Thought, the study of guidelines of the 14th National Party Congress and the third session of the 14th CPC Central Committee, and the study of theory of market economy and the knowledge concerning modern science and technology in an effort to improve our political and theoretical expertise and our skill to control the socialist market economy.

Jiang Chunyun pointed out: We should conduct research for party building closely around the implementation of the party's basic line. Like others, the work of party building and the research of the theory of party building must always be guided by the party's basic line. Practice proves that it will not do to merely grasp party building without economic construction, and it will also not do to merely grasp the economy regardless of party building. We must permeate the process of upholding the party's basic line with all the activities of strengthening and improving party building. We must use the practical results in implementing the party's basic line to examine and evaluate the performance of party building work and the research of party building theory. As indicated by the CPC Central Committee, the general task for the whole party is to seize the opportunity, deepen reform, open wider to the outside world, promote development, and maintain stability. Comrades of this society must clearly understand this general task and consciously subject themselves to it. Comrades of the society should also persist in the good study style of integrating theory with practice and attend to party building work by profoundly researching, answering, and resolving the current new problems facing party building work.

Jiang Chunyun stressed: We should continue to raise the level of the research of party building theory. The practice of party building urgently needs the guidance of party building theory and has set new and even higher demands on the research of party building theory. The vast numbers of party building theoretical and practical workers must conscientiously study the party building theory covered by Marxism-Leninism-Mao Zedong Thought and, in particular, study well the series of theoretical viewpoints and important ideas offered by Comrade Deng Xiaoping for the building of the ruling party in order to master the ideological weapon for achieving success in party building and in the research of party building theory. At the same time, we should energetically encourage the practice of conducting investigations and studies and go deep into the realities of life, the grass-roots units, and the midst of the masses to conscientiously summarize experiences gained from practice. Then, we should strive to find out regular things from these experiences, turn these regular things to rational knowledge, and use this rational knowledge to guide practice. We should conduct explorations and

studies with a reformative and pioneering spirit and with a scientific and realistic attitude with a view to constantly raising the level of party building and the research of party building theory.

Jiang Chunyun demanded that attention should be paid to building the party building theoretical contingent. The province has already been furnished with a sizable party building theoretical contingent engaged in party affairs work and theoretical research. Generally speaking, this contingent is good in quality and has made positive contributions to carrying out reform, opening up, economic construction, and party building. However, this contingent is not strong enough become some comrades are not solid in theoretical foundation, are unexperienced in practice, and need further improvement in their foresight of work, their guidance to practice, and their quality of research. The organizational coordination of this contingent also need further improvement. Therefore, we should firmly and conscientiously grasp the building of this contingent by regarding it as a major task. Party committees at all levels in the province should attach importance to building this contingent by setting strict demands on in politically, giving vigorous support to it in work, showing concern for it in livelihood, and creating good working environment and conditions for it in order to raise the research of party building theory to a new level.

Shandong Secretary on History of Eighth Route Army

SK2605112494 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 25 May 94

[Text] The fifth enlarged meeting of the committee for compiling and examining the history of the Shandong column of the Eighth Route Army was held in Jinan on 25 May. This meeting was primarily devoted to discussing, revising, and examining the first draft of the history of Shandong column of the Eighth Route Army. Jiang Chunyun, secretary of the provincial party committee, and Song Qingwei, political commissar of the Jinan Military Region, attended the meeting and made speeches.

At the meeting, Jiang Chunyun introduced the province's situation in economic and social development to the compiling committee and the veteran comrades specially invited to the meeting. With regard to the compiling of the history, Jiang Chunyun said: Compiling this history is of great significance, and a far-reaching influence will be produced. Through the research, compilation, and propagation of this history, we will enable the vast numbers of party members, cadres, and the masses, youths and juveniles in particular, to receive a profound education on patriotism, revolutionary tradition, and the fine tradition of the party. Successful compilation of this history is not only a summarization of the glorious history of Shandong in fighting the war of resistance against Japan, but also a practical need to build the two civilizations.

Jiang Chunyun demanded: The compilation committee should organically combine the abundant historical data with correct viewpoints with a rigorous and painstaking approach. The committee should strive to make the viewpoints of this history correct, the historical facts accurate, and the content logic and rich in order to make it authentic, reliable, and educational historical records with good ideological content and attain the goals of clarifying historical facts, providing political consultations, and educating the people.

Shandong Executes 14 Convicted of Murder, Robbery

SK2605111694 Jinan DAZHONG RIBAO in Chinese
15 May 94 p 3

[Text] On the morning of 13 May, the Jinan city intermediate people's court held an open trial for the 10 criminal cases involving 34 convicts of murder, harm, rape, and robbery. During the trial, the city court sentenced 14 convicts to death, four to death with probation, and 16 to term imprisonment.

During the period from August 1988 to July 1989 the 10 convicts, including Chen Bin, Song Jiakun, Cheng Jichun, and Xue Desi; colluded with the nine convicts, including Wang Fengting, who were brought to another trial, on many occasions. They successively committed 28 crimes of robbery in Jinan, in which they snatched 150,800 yuan. During the trial Chen Bin, Cheng Jichun, and Xue Desi were sentenced to death; Song Jiakun was sentenced to death with a 2-year probation; and other six convicts were sentenced to imprisonment with different terms.

At about 1800 on 9 January 1993 the convicts of Li Baoji, Chen Yong, Li Jia, Ma Chuanxin, Zhu Baoshan, and Wang Hongzhu (at large) were drinking at the "Shi Feng" bar run by convict Zhang Chao (at large). Zhang Chao quarreled with Wang Diancheng, a debtor of the bar, and beat the debtor during the quarrel. Under the command of Zhang Chao the convicts Li Baoji, Chen Yong, Li Jia, Ma Chuanxin, Zhu Baoshan, and Wang Hongzhu, cruelly tortured the debtor for four whole hours with an iron pipe, a bottle, and an electric prod and by giving cuffs and kicks and burning him with matches. Wang Diancheng died of the bruises all over his body, which were caused by the beating, and of the exhaustion of his breathing and circulatory functions. In the early morning of 12 January, the convicts, including Zhang Chao, Chen Yong, and Ma Chuanxin, tied Wang's body with a large stone and sank the body into the Gongshang River. Convict Li Baoji was sentenced to death and Chen Yong was sentenced to death with a 2-year probation. Li Jia, Ma Chuanxin, and Zhu Baoshan were sentenced to imprisonment with different terms.

After the open trial, 14 convicts, including Chen Bin and Li Baoji, were escorted to the execution ground and executed by shooting.

Shandong Sets Up Joint Agriculture Production Group

SK2605104894 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 25 May 94

[Text] The joint organization for production, processing, and marketing of agricultural products of counties and cities was formally established in Laiyang on 22 May. This is Shandong's first transregional agricultural economic organization with the nature of association voluntarily organized by Laiyang, Laixi, Changle, Shouguang, Yushu, suburban Taian, and Jinxiang counties and cities.

It is learned that all of these seven counties and cities—the executive members of this organization—are the province's backbone bases to produce, process, and export agricultural products. The vegetable exported and processed by these counties and cities alone accounts for more than one third of the country's total. In addition, more than 50 enterprises and bases in Zhejiang, Henan, Liaoning, and two other provinces have joined this organization as ordinary members. This joint organization will certainly exert a tremendous influence on agricultural produce markets at home and abroad.

Xiao Wanjun, deputy director of the Central Policy Research Center, and Wang Jiangong, vice governor of Shandong Province, made a special trip to the county to attend the inaugural meeting and make speeches. Wang Jiangong was invited to serve as honorary director of the organization. And the general office of the provincial government, the provincial agricultural commission, the provincial planning commission, the provincial foreign economic relations and trade commission, and 10 other units were invited to be advisers of the organization. The people have generally regarded the establishment of this organization as a new move of Shandong and even China in developing the production, processing, and marketing of agricultural products on an even wider scale and at an even higher level. The people have also regarded it as an essential trend of development of the rural market economy.

(Mu Yutai), secretary of the Laiyang City Party Committee, initiator of this joint organization, and executive chairman of the first committee of this organization, said: In line with the principle of voluntary cooperation, by jointly handling affairs, conducting economic consultation, and issuing journals of the organization, this organization will commonly analyze the agricultural produce markets at home and abroad and circulate the notice on the amount, variety, and quotas of the production, processing, and marketing of respective agricultural products and on the distribution of agricultural products on markets. This organization will also conduct the exchanges of sciences, technologies, funds, professionals, and management experiences and will subject itself to the guidance and supervision by the government in order to avoid overlapping construction and overlapping import of agricultural products and the unlawful competitions between different areas. This organization will

also go beyond the limits of administrative divisions to help optimize the distribution of natural resources, readjust the structure of agricultural products, and push the province's agricultural and sideline products to the domestic and international markets in an all-round manner.

Li Peng Inspects Shanghai, Discusses Pudong

OW2605031094 Beijing XINHUA Domestic Service in Chinese 1250 GMT 25 May 94

[By reporters Chen Maodi (7115 3029 1717) and Zou Aiguo (6760 1947 0948)]

[Text] Beijing, 25 May (XINHUA)—While inspecting Shanghai 23-25 May, State Council Premier Li Peng pointed out: Developing and opening up Pudong is Comrade Deng Xiaoping's major decision and is a need for the country's overall development. The entire country must support Pudong's development and opening up, and Pudong must serve reform, opening up, and economic development in the entire country.

Premier Li Peng visited Shanghai after concluding his inspection of Jiangsu. Accompanied by Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai municipal party committee, and Shanghai Mayor Huang Ju, Li Peng inspected the New Pudong District and Yangpu Bridge and held a discussion meeting with Shanghai comrades.

Since the party Central Committee and the State Council decided in 1990 to develop and open up Pudong, Li Peng has visited Shanghai every year to inspect the New Pudong District's development and construction. Currently, initial success has been achieved in developing the district. By the end of last year, the district had accumulated over 3,100 domestic investments and over 1,600 direct foreign investments, as well as agreements on the use of \$3.27 billion in foreign funds. Li Peng was pleased with the new progress.

Li Peng pointed out: Shanghai is the seaport for the very long Chang Jiang. It has a vast hinterland, a strong industrial base and superiority in personnel, developed commercial establishments, and convenient transportation. We must make full use of these favorable conditions to build Shanghai into an international economic, financial, and trade center. He said: The central authorities' decision to develop and open up Pudong is unswerving. Because the district's development is currently in the construction stage, the central authorities still need to support its development through their policy, and they will maintain continuity in the policies for Pudong's development and opening up. Following the establishment of the socialist market economy, these policies will be gradually standardized and, based on China's actual situation, constructive study will be conducted. He said: To build Shanghai into an international economic, financial, and trade center, it is still necessary to vigorously develop international shipping to form an international and domestic transportation network that

links all areas. It is possible for Shanghai to become an international shipping center through harnessing the Chang Jiang. He pointed out: To become a trade center, it is necessary to open up more local and external trade channels as well as to train a large group of experts in international trade.

Li Peng affirmed Shanghai's industrial restructuring policy of "vigorously developing tertiary industry, readjusting and upgrading secondary industry, and strengthening primary industry." He pointed out: To build Shanghai into an international financial center, we must vigorously develop tertiary industry, particularly finance, trade, and shipping, to serve economic development in the entire Chang Jiang Valley and even the whole country. We must upgrade the structure of secondary industry and embark on constructing some large export-oriented projects of high and new technology to form a new pillar industry. As a large industrial city, agriculture should be given equal importance and strengthened, and it is necessary to effectively tackle the "vegetable basket" project. Village and town enterprises in Shanghai's suburbs must support agriculture by acting as stable agricultural production bases for the city proper. He expressed hope that Shanghai would continue to perfect the "321" policy [not further identified] in practice. Li Peng also affirmed Shanghai's plans to remodel old city areas.

Speaking about Shanghai's socialist spiritual civilization, Li Peng stressed: It is necessary to give more publicity to workers, peasants, cadres, and intellectuals who possess a sacrificing spirit and a lofty moral character. As for the encouraging changes in young Shanghai students' spiritual outlook, Li Peng said: The fact that the vast number of our country's young students have combined their own future with the motherland's destiny indicates that there is great hope for the vast number of young people and our great motherland. He said: As long as we unswervingly implement Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, submit ourselves to the leadership of the party Central Committee with Comrade Jiang Zemin as the core, and do practical work, Shanghai will definitely realize its magnificent goal.

Persons in charge of relevant State Council departments who accompanied the inspection included Chen Jinhua, He Chunlin, Liu Jiang, Huang Zhendong, and Jiang Yunbao.

Migrant Population in Shanghai Increasing 'Substantially'

HK2605100494 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0522 GMT 6 May 94

[Text] Shanghai, 6 May (ZHONGGUO TONGXUN SHE)—The migrant population in Shanghai is increasing substantially. According to a recent survey, three-quarters of the migrants in Shanghai came to seek

jobs or do business. This reflects Shanghai's rapid economic development and benign environment for doing business.

The survey showed that people moving into and out of Shanghai numbered 3.31 million in the past year. In particular, 2.81 million people moved into Shanghai and 0.5 million people moved out. The total number of migrants increased by 1.22 million as compared with 2.09 million in 1988. According to statistics, 74.3 percent of the migrants moved into Shanghai for various economic purposes; 0.8 percent of the people came to Shanghai for such cultural purposes as receiving education and training; 24.5 percent came to visit friends and relatives, make sightseeing tours, or seek medical treatment; and visitors for other purposes accounted for 0.4 percent.

The relevant department in Shanghai held that the increase in the migrant population brought economic and labor resources to the city, but, at the same time, it also produced certain negative effects on Shanghai's public security, transportation, environment, and residents' daily lives. People of insight have urged the authorities concerned to solve the new problems caused by the inflow of migrants as soon as possible.

Shanghai Creates Six 'Pillar' Industries

OW2605063794 Beijing XINHUA in English 0612
GMT 26 May 94

[Text] Shanghai, May 26 (XINHUA)—This, China's largest economic center has formed pillar industries of its automobile, telecommunications, iron and steel, power station equipment, petrochemicals and electric appliance sectors.

According to statistics, the total sales volume of these industries last year amounted to 106.7 billion yuan, accounting for 38.2 percent of the city's total.

The proportions of light and heavy industries are 45.2 and 54.8 thanks to the adjustment and approaches the production system of the world's economically developed countries.

A municipal official in charge of the economy said that the motor vehicle industry obtained a sales income totalling 30.67 billion yuan and profits amounting to 2.536 billion yuan last year.

With the Shanghai Baoshan Iron and Steel Corporation in full operation now, the city's steel production rose from 5,200 tons in 1949 to 10 million tons last year.

Its petrochemicals, telecommunications, power station equipment and domestic electrical appliances also registered big increases in production.

To boost its economy further, Shanghai is making full use of its advantages in technology and skills to foster high-tech industries, the official noted.

Foreign Institutions in Shanghai Hire Employees Illegally

HK2605041994 Beijing ZHONGGUO XINWEN SHE
in English 1238 GMT 25 May 94

[Text] Beijing, May 25 (CNS)—According to a sample survey by the Shanghai Municipal Foreign Economic and Trade Commission, the Municipal Legislative Office and the Municipal Administration of Industry and Commerce on 727 foreign institutions in the city, over 1,200 employees have been illegally hired by their employers. Regarding this problem, entities set up by Taiwan and Hong Kong businessmen are the most serious.

The investigation shows that small-sized foreign-funded companies have heavily involved in the above mentioned activities. Employees working in these institutions and companies, owing to failure of obtaining protection from labour departments of the local governments, are generally earning a comparatively low salary and even facing a threat of being dismissed when they pass their best period of age. And because of short of backing by an organizational institution, their lawful rights and interests including pensions, medical charges, insurance of unemployment, labour insurance for their families and allowance for dismissal have also not been guaranteed. [as received]

Zhejiang Province Develops Maritime Economy

OW2505105094 Beijing XINHUA in English 0747
GMT 25 May 94

[Text] Hangzhou, May 25 (XINHUA)—Abounding in natural maritime resources, Zhejiang Province is boosting fishing, industry, foreign trade and tourism, and building more ports.

A provincial official said that Zhejiang will draw on the experience of other provinces and overseas in the development of its maritime economy, and encourage people to tap the natural resources under the principle of "those who invest in and develop the economy will benefit from it."

With a vast population but limited territory, Zhejiang has 2,100 islands with combined coastlines of more than 6,300 km.

Its rapid economic development with poor natural resources on land has forced the province to focus on the ocean.

So far, Zhejiang has set up eight breeding bases for aquatic products, and sent more than 100 ocean-going ships to the Pacific Ocean to catch fish, and process and sell it in neighboring countries.

Last year saw the province reap a good fishing harvest for the tenth year running. It caught 1.56 million tons of aquatic products and exported 200 million U.S. dollars-worth of them.

According to the official, localities in Zhejiang have spent more than 300 million yuan on building 35 ports and docks over the past five years.

At present, Zhejiang has a total of 58 sea ports, which have relations with more than 200 ports overseas.

The province has formed an integrated group of ports with Ningbo and Zhoushan as the centers.

The power industry is developing alongside the port construction, according to the official, as state enterprises have invested more than 10 billion yuan in this field over the past five years.

So far, a number of power plants have gone into operation. Included are the Beilun Power Plant, Jiaxing Power Plant and Qinsan Nuclear Power Plant, which have helped the province to raise its power-generating capacity by more than 40 percent.

In addition, the province is making full use of wind, water and tidal power to generate electricity.

Being an up-and-coming area in tapping ocean resources, Zhejiang has improved tourist facilities and services to attract more tourists from overseas.

Islands that have opened to tourists at home and abroad include Putuo mountain, one of China's four sacred places of Buddhism, and the Chengsi isles, known as the "Oriental Hawaii".

A survey shows that the number of visitors to these islands had increased to more than two million last year.

The official noted that the discovery of oil and natural gas deposits in the east China sea has enhanced the provincial government's determination to expand the oceanic economy.

About 20 trans-national corporations from Europe and America have come to the offshore areas off Wenzhou, Zhejiang, to prospect for crude oil and natural gas since last year.

"All this indicates that Zhejiang's maritime economy is in the ascendant," the official said.

Southwest Region

Report on Guizhou's Surplus Rural Work Force

HK2605101094 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 21 May 94

[Text] A rural economic survey team recently conducted investigations and studies in 3,360 peasant households in 32 counties, cities, prefectures, and special zones. The results of the investigations show that in 1993, the surplus rural labor force in our province markedly quickened its pace in flowing into the secondary and tertiary industries. In 1993, 1.473 million persons transferred to the secondary and tertiary industries, an increase of 221 percent over 1992.

The main features of the surplus labor force flow were:

The percentage of the female labor force which transferred was greater than that of the male labor force. Over the whole year, more than 860,000 males and 940,000 females transferred, up 196 percent and 232 percent respectively over 1992. In the past, labor transferring to other areas consisted mainly of unmarried women. Now young married women also vie with one another to take part in the labor force exodus. Of the more than 2,600 working women from Yantong Town of Jinsha County, nearly 800 were married. As for the surplus peasant work force, 544,000 persons worked in other provinces, an increase of more than 400 percent over 1992.

In the past, surplus labor transferring to sectors other than agriculture mainly flowed into secondary industry. But last year more than 670,000 persons transferred to tertiary industry, 214 percent more than in 1992. The fact that agricultural labor is flowing into nonagricultural sectors has not only increased peasants' incomes, but also expanded the collective economy. According to the results of investigations conducted in 17 townships and towns, including Yinya Township of Guiyang City and Nanbai Town of Zunyi County, of a work force totaling 336,300, 62,800 had transferred to secondary and tertiary industries, accounting for 18.76 percent of the total labor force. Production output value created by the above-mentioned 62,800 persons accounted for 76 percent of the total rural social production output value, more than 13 times the production output value of agriculture.

According to investigations, in 1993 47,000 persons in Zhengan County went to work in other provinces, and their total incomes reached 33 million yuan. After deducting their own expenses, they remitted more than 20 million yuan to their home county [words indistinct]. The total income of Jinsha County peasants working in other provinces reached more than 100 million yuan, accounting for about one-third of the total net income of the peasants of the whole county.

Generally speaking, it was beneficial to transfer our province's labor force to other areas last year. However, problems also existed. The main problem was that the cultural quality of our exported labor was comparatively low, and that the percentage of illiterate or semi-illiterate persons was comparatively great. Only a small percentage of our exported labor had received various kinds of professional training. In addition, 22.24 percent of our exported labor force was sent back in the same year.

Sichuan Secretary on Allowing Foreigners to Make Profits

HK2605060694 Hong Kong TA KUNG PAO in Chinese 30 Apr 94 p 5

[Special dispatch by staff reporter Chiang Chao-yung (5592 0340 0516): "Sichuan Party Secretary Xie Shijie Says Foreign Investors in Sichuan Must Be Allowed To Make Profits"]

[Text] Chengdu, 29 Apr (TA KUNG PAO)—While meeting with Hong Kong and Macao reporters here today, Xie Shijie, secretary of the Sichuan CPC Committee, said: Sichuan must seize the opportunity to open up wider to the outside world and accelerate its development. While urging cadres at all localities to cooperate with foreign investors, he told them not to be too calculating. They should allow foreign investors to make a profit and increase investment returns.

Secretary Xie said: If you want to find a latent market with a population of 110 million in the world today, besides Sichuan, there is no other choice. This is the reason large overseas groups have focused their attention on Sichuan. Sichuan must seize this golden opportunity and change its ideological concepts. Some localities always think too much about their own interests, leaving little for foreign investors. This will make it difficult for us to attain the goal of attracting foreign investors.

Xie stated: Emancipation of mind is substantial and opening up wider is specific.

There were no transactions in the auction sales of state enterprises in Hong Kong. Some people want to cast off their burdens. If foreign investors cannot make any profit, they prefer running new enterprises to buying old ones. We will continue to sell enterprises this year, turn fixed assets into movable ones, and invest money in new fields.

A reporter asked about the race-course and gambling city in Wenjiang county, which were banned. Xie Shijie explained that there is no gambling city in Wenjiang. Instead, there is a "lucky city," with a few slot machines. A handful of people there want to develop gambling. But state regulations do not allow unplanned development of gambling. If it has started, it should be improved under leadership and in an organized way. It should be well under control and be run well. Efforts are being made in this regard, applications are submitted to relevant state departments, and measures are adopted to that they will function well. There is now a motorcycle race in Wenjiang, and it will not affect Taiwan investment there. Except Wuhan, Wenjiang has attracted the largest amount of Taiwan investment. The state will soon approve a state-level investment zone in Wenjiang for Taiwan investors.

Because of inflation, Xie Shijie also disclosed, some 10 to 15 percent of the university and college students have financial difficulties. The Mianyang Changhong Television Factory has donated 10 million yuan and Hong Kong's Jialing Company has donated 4 million yuan to help students resolve their financial difficulties.

Xie also disclosed that Thailand's Bank of Bangkok and Singapore's Union Bank have set up offices in Chengdu.

Sichuan Secretary on Opening Up, U.S. Visit

HK2605055394 Beijing ZHONGGUO XINWEN SHE
in Chinese 1058 GMT 22 May 94

[By reporter Xiao Longlian (5135 7893 5114): "Xie Shijie on Opening Up Before Official Visit to the@United States"]

[Text] Chengdu, 22 May (ZHONGGUO XINWEN SHE)—At the invitation of Washington State Governor Mr. Mike Lowry, Xie Shijie, senior adviser to the Sichuan Provincial People's Government, today left China for a friendly visit to Washington State, Michigan, New York City, and Los Angeles, where he will negotiate cooperation projects. Before he left, Xie Shijie granted a special interview to the reporters from this news agency.

"Expanding opening up to the outside world is Sichuan Province's top priority this year, and my trip to the United States this time is mainly to enhance understanding, foster friendship, seek extensive contacts with the people from all walks of life in the United States, and expedite Sichuan's opening up to the outside world." Xie Shijie came directly to the purpose of his trip to the United States.

Xie Shijie said that Sichuan Province established friendly province-state relations with Washington State and Michigan in October and November 1982 respectively. In the past 12 years, Sichuan Province's friendship and cooperation with the two states has continuously strengthened. During the trip this time, discussions will be carried out with Washington State on further strengthening economic and scientific cooperation, and on developing friendly province-state relations, with Boeing Company and some electronic companies, on agricultural cooperation between the province and the state, and on food processing, exchange of fine seeds for farming, and exchange of technology of low-toxic pesticides; ideas will be exchanged on strengthening thorough cooperation between the medium and small cities in Washington State and in Sichuan Province; discussions will be carried out with the Washington State Zoo on establishing a foundation for protection of the giant pandas and launching cooperation to rescue this endangered species.

Xie Shijie said that while in Michigan, he will visit the General Motors Company, and carry out discussions with the state government on the automobile industry, processing of farm products, and transformation of old towns.

The humble and pragmatic Xie Shijie has worked in the Sichuan Provincial People's Government for many years, serving as vice governor and executive vice governor; in April 1993, he began to serve as party secretary of Sichuan Province, overseeing overall work in Sichuan Province.

Talking about the major measures to expand Sichuan's opening up this year, he said that Sichuan Province is

situated in the interior and has a vast area and 110 million people, 10 percent of China's population; this is a huge market, and the potential of this huge market is recognized by knowledgeable persons at home and abroad. Sichuan Province's chemical, electronic, and metallurgical industries rank first in China; Sichuan's space technology is famous at home and overseas; and its abundant farm products and cheap labor resource are also a strong point when Sichuan opens up to the outside world.

Xie Shijie said: The basic way to expedite Sichuan's economic development and narrow the difference between it and the coastal provinces and cities rests on reform and opening up. In order to increase the weight of Sichuan's opening up to the outside world, beginning in Chengdu on 28 June this year, an international conference on Sichuan's opening up to the outside world plus an investment forum will be held, and during that period, 306 projects involving a total investment of \$13 billion will be offered for negotiations with foreign businessmen. In addition, a number of measures to expand opening up to the outside world, including the transfer of rights to use Chengdu-Chongqing Highway and the right to use state-owned enterprises, will be promulgated one by one.

Coming to this point, Xie Shijie said that American consortia, bankers, and entrepreneurs are welcome in Chengdu to participate in the international conference on Sichuan's opening up to the outside world plus the investment forum.

While in New York, Xie Shijie will also have contacts with the persons of American financial and securities circles, hold talks with the Sino-U.S. Trade Commission, and inspect development of Sichuan's enterprises in New York. When in Los Angeles, talks will be held with American entrepreneurs...

According to information, the number of American investors coming to Sichuan has continuously increased, for example, the McGill Group and the American Concord Group in Chengdu, and the plating membrane production line under construction in Shuangliu County—the largest in western China—as well as a pharmaceutical factory in Guanghan.

Foreign Tourists Claim Tibetan Monks Detained

OW2605060194 Tokyo KYODO in English 0546 GMT 26 May 94

[Text] Beijing, May 26 KYODO—Foreign tourists in Lhasa, Tibet, reported Thursday [26 May] that four Tibetan monks were detained on Tuesday after shouting proindependence slogans near the city center.

Police near the famous Jokhang Temple in Barkhor Square immediately descended on the monks, knocking some of them to the ground before taking them away in police vehicles at about 9 A.M. Tuesday, witnesses said.

On May 25, the Buddhist festival of Sagothawa is held. Traditionally, it attracts monks to the Jokhang to pray. On May 23 last year, an estimated 4,000 Buddhist monks and nuns staged independence demonstrations.

According to witnesses, the police presence has been heavy in the city over the last several days and passengers on all buses coming into Lhasa are having their identification papers checked.

Several monks arriving in the city are believed to have been turned back by police at bus stations, the witnesses said.

Reform, Opening Up Helps Tibet's Economy

OW2505115694 Beijing XINHUA Domestic Service in Chinese 2117 GMT 23 May 94

[By reporters Ning Shiqun (1337 0013 5028) and Duo Qiong (1122 4522)]

[Text] Lhasa, 24 May (XINHUA)—Through 15 years of reform and opening up, a trend of accelerated development has emerged on the Tibetan highland, the roof of the world. As of the end of 1993, the total annual output value of goods and services reached 3.65 billion yuan, a growth of over 120 percent over that of 1980.

In the past 15 years, Tibet Autonomous Region has adopted a long-term and unchanged policy of allowing households self-operation rights in using land as well as raising and owning livestock. This has greatly aroused the production enthusiasm of peasants and herdsmen, who form over 80 percent of the Tibetan population. The region has reaped bumper harvest in agricultural production for six consecutive years. Last year, the total agricultural output value topped 2.32 billion yuan, a growth of 66 percent over the total of 15 years' ago; and total grain production reached 620,000 tonnes, a growth of 30.69 percent. With per capita income reaching 521 yuan, living conditions for the majority of peasants and herdsmen have improved. The total output value of village and town enterprises and income from various economic sectors have grown by fairly large margins, reaching 100 million yuan and 240 million yuan respectively.

The late start and slow development of Tibet's infrastructure construction in industries, transportation, energy resources, and communications has consistently hampered the speed of economic development. Through 15 years' of hard work, Tibet's total industrial output value has reached 535 million yuan, a growth of 78.65 percent over that of 1980. The production volume of principal products has grown by a large margin, and the rate of qualified and excellent products has increased somewhat. The production-sales ratio has reached 94.85 percent. Smooth progress has been made in a large group of key infrastructures construction projects in energy resources, transportation, and communications. In 1993 alone, Tibet invested 1.59 billion yuan in fixed assets. The region expanded the main runways of Gonggar and

Bangda airports; built the Zhamu-Medog road; began work on the Yanghu and Calung power plants; and conducted geothermal exploration in northern Yangbajing, as well as embarked on key infrastructures construction projects that included 61 earth satellite communications stations, 35 county-built earth satellite communications stations, and computerized telephone installations. These projects laid a solid foundation for Tibet's rapid economic development.

With accelerated pace and increased intensity of Tibet's opening up to the outside world, the rapid development of Tibet's foreign trade and tourist industry has injected new vitality into its entire economy. Last year, the import-export volume of Tibet's foreign trade reached 103 million yuan, a 524-percent increase over that of 1980. The tourist industry has developed from nothing to become Tibet's pillar industry. The region received 23,000 tourists from Hong Kong, Macao, Taiwan, and foreign countries, an over 20-fold growth over that of 1980. Total operations income reached 106 million yuan, with foreign exchange earnings amounting to \$9 million. Meanwhile, the momentum in attracting local and foreign investment continued well. In 1993 alone, the region attracted local and foreign investments in 41 projects, with agreements on using 67.11 million yuan and \$9.63 million. In addition, the region established 129 independent or joint-funded enterprises with other provinces and regions along the coastal regions.

Meanwhile, Tibet has quickened the pace of market construction and gradually improved market facilities. Last year, the region completed 23 new or remodeled country markets, and the region's total retail sales amounted to 1.9 billion yuan, a growth of 12.8 percent over that of 1992. As a result, markets thrived and purchases and sales were brisk in local townships and villages.

Tibet Region Boosts Telecommunications

OW2605124394 Beijing XINHUA in English 0801
GMT 26 May 94

[Text] Lhasa, May 26 (XINHUA)—The expansion of telecommunications in the Tibet Autonomous Region has exceeded the development pace of the local economy over the past decade.

"This has paved the way for the rapid regional economic development," said a regional official.

Nowadays, it is easy to find a telephone either on a street or in a hotel. Mobile phones and radio pagers are commonly seen in this capital of the region.

According to Xu Dingyuan, deputy director of the city telecommunications bureau, the region has telephone exchanges with a combined capacity of about 30,000 lines at present, up from only 50 lines in the 1950s and 300 lines in the 1970s.

"The telephone capacity will surpass 40,000 lines next year," he said.

At present, the telephone capacity in Lhasa tops 15,000 lines. That means every 10 people can have a telephone.

Located on the "roof of the world", Tibet plans to expand its satellite ground stations from the present 56 to 80 to further link its remote areas with other parts of the country and the rest of the world.

Xu attributed the rapid development of telecommunications in the region to the support of the state, other provinces and overseas.

He explained that the state has allocated 200 million yuan to Tibet in this field in the 1991-1995 period, and Lhasa's first 5,000-line program-controlled telephone exchange has been sent by the Belgian Government as a gift.

Yunnan Secretary Urges Township Enterprise Growth

HK2605114294 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 24 May 94

[Text] At a provincial township and town enterprise work conference convened yesterday, provincial party committee Secretary Pu Chaozhu emphatically called for actively exploring new ways of ensuring sustained and high-rate township and town enterprise growth across the province.

Secretary Pu Chaozhu pointed out: Since 1993, the province's township and town enterprises have extricated themselves from protracted stagnation and slow growth and started embarking on a multilevel rapid growth, with the result that their total income topped 21 billion yuan in 1993, up by 71 percent over the year before. Moreover, in the January-April period of this year, the province's township and town enterprises still witnessed sustained and high-rate growth, with the result that their total income in the period registered a 67 percent increase over the corresponding period of last year. The province's total township and town enterprise income is expected to have topped 33 billion yuan by the end of the year.

Secretary Pu Chaozhu noted: Nevertheless, we should not be overly optimistic about the existing achievements. Rather, we should make continued efforts to work hard to secure an average annual increase of 50 percent or more in the province's township and town enterprise income. Only by so doing will we be able to narrow the gap between the country's economically developed regions and Yunnan Province and bring about a comparatively comfortable livelihood across the province.

Secretary Pu Chaozhu put forth the following four specific views on ensuring sustained and high-rate township and town enterprise growth in the province:

1. It is imperative to further emancipate the mind and acquire a clearer understanding of the strategic importance of township and town enterprise development. To this end, all levels and departments concerned across the province should strengthen coordination, cooperation, and determination with a view to securing high-rate township and town enterprise growth across the province for several years to come and raising township and town enterprise output value to over 70 percent of the province's total rural output value. Under no circumstances, Pu Chaozhu noted, should we err in this regard.

2. It is imperative to seek truth from facts and suit measures to local conditions. To this end, the province should first and foremost concentrate on developing several primary industries with an eye on building about 10 backbone local industries with output value exceeding 100 million yuan each over the next seven to 10 years.

3. Deep-going reforms have all along been the motive force behind sustained and high-rate township and town enterprise development. The township and town enterprises across the province should first try to implement a joint-stock system on a trial basis; ensure compensated transfer to peasants or collectives of such rights as exploiting, managing, and using exploitable barren hills, slopes, shores, and fields without altering the existing ownership system; actively readjust the ownership system structure; push ahead with individual economic and private enterprise development; bring about a balanced growth of state-owned, collective, and individual economies; and sell, lease, amalgamate, or privatize small state-owned enterprises in various counties, thereby invigorating this group of small enterprises and turning them into private enterprises in terms of ownership and management.

4. It is imperative to strengthen leadership over township and town enterprises. To this end, party committees and people's governments should be bold in taking risks, undertaking responsibility, and proceeding from actual conditions. All areas across the province should take township and town enterprise development as an important criterion for appraising work done by party and government cadres; establish a responsibility system under which party and government cadres are required to attain clear-cut goals regarding township and town

enterprise development; award cadres who have contributed to such development and punish cadres who have failed in pushing such development forward; and strive to mobilize enthusiasm among the broad masses of cadres and people of all nationalities across the province in promoting township and town enterprise development.

Yunnan Trade Unions Set Up Telephone Hotline
HK2605042494 Beijing ZHONGGUO XINWEN SHE
in Chinese 0937 GMT 28 Apr '94

[By reporter Na Jiahua (4780 1367 7520): "China Sets Up First Complaints Telephone Hotline For Staff Members and Workers"]

[Text] Kunming, 28 Apr (ZHONGGUO XINWEN SHE)—Shi Yi, president of the Yunnan Provincial Federation of Trade Unions, made an announcement to reporters here today that the complaints telephone hotline for staff members and workers, a first in China, which has been installed jointly by the federation and its subsidiary in the offices of the magazine SHIDAI FENGCAI [ELEGANT DEMEANOR OF THE TIMES], will become operative in Kunming as of 1 May.

According to his briefing, the purpose of the complaints telephone hotline for staff members and workers, dubbed the "4155457 golden link," is to act on behalf of staff members and workers, be devoted to their affairs, and help solve their difficulties and warm their hearts. The matters to be handled by the hotline include suggestions and opinions on the policy of reform and opening up to the outside world, and in particular the establishment of a modern enterprise system, encroachments on staff members' and workers' legitimate rights and interests, and the practical difficulties facing staff members and workers in the course of reform; their reports of corrupt practices and cases of violation of law and disciplinary codes; policy consultancy regarding their immediate interests; consultancy regarding their daily life concerns; and reporting to them other relevant developments and sudden incidents.

It is reported that in recent years, while strengthening the work of handling people's letters and visits, the Yunnan Provincial Federation of Trade Unions has introduced a president reception day system and opened a "Complaints Path" column in the magazine SHIDAI FENGCAI.

Some Reportedly Use Qiandao Case To 'Stir Up Trouble'

HK2605101194 Beijing LIAOWANG in Chinese No 15,
9 May 94 p 46

["Letter From Beijing" by Bao Xin (7637 0207): "Further on Qiandao Lake Pleasure Boat Case"]

[Text] Dear Brother:

The dust kicked up by the Qiandao Lake pleasure boat case will soon settle because the case has been cracked, the offenders have been arrested, and the truth of the case has been clarified. The nature of the case is now very clear: It is a robbery, arson, and murder case. The mainland department concerned is stepping up relevant interrogation and investigations. Relatives of the victims will be invited to attend the open trial. After three phone invitations by the Association for Relations Across the Taiwan Strait, the Straits Exchange Foundation will send its members and relevant experts to Hangzhou to listen to a detailed report on the case.

The Qiandao Lake pleasure boat case, which caused trouble for a month, left behind many problems which warrant careful consideration. In my view, when there are increasingly frequent contacts and exchanges between the two sides of the strait, certain incidents are hardly avoidable. What we must bear in mind is that when there is an incident, the departments concerned of the two sides should handle the case in a timely and proper manner with a view to maintaining and developing their good relationship, which has not come about easily. We must especially watch out for a few evil-minded people who will take advantage of the incident to sow discord between the two sides.

The Qiandao Lake pleasure boat case is a tragedy, which the compatriots on both sides of the strait are loath to see. However, we should say that the mainland authorities concerned have devoted great efforts to identifying the criminals and dealing with the aftermath of the accident. The fact that this exceptionally big, vicious case was cracked in no time and that the offenders were arrested bears evidence to this. The media at home and abroad will make their own fair judgment. Naturally, we should derive experience from this incident as well as any lessons it provides.

All who are concerned about the overall interests of the cross-strait relationship should approach the case from every angle, in which case they will admit that the Qiandao Lake pleasure boat case is like a mirror showing that there are some negative, destabilizing factors hindering the expansion of cross-strait relations. In Taiwan, there are some people who, under the pretense of reflecting the popular will, have taken advantage of the case to incite hostility against the mainland, calling for the Taiwan Government "to give up the one-China policy," thus creating an argument for "Taiwan independence." The grief and indignation of the victims' relatives is understandable; in fact, the people on both sides

of the strait feel the same. But some people in Taiwan, who have an axe to grind and wish to stir up trouble, added fuel to the fire by initiating unreasonable attacks and spreading venomous slander against the mainland. They used such abusive language that it suggested that they had lost their reason. For a brief period, they showered attacks, slander, and invective upon the mainland as if the latter might crumble under the mass of dark clouds.

Nevertheless, all these attacks and this slander and invective have contributed nothing to the solution of the case; instead, they have created greater difficulties and jeopardized the mutual affection of the people on both sides of the strait. In fact there are quite a lot of people with insight on the island. They did not agree with the Taiwan authorities' emotional statements on the case or with their practice of politicizing such a criminal case. They were also greatly dissatisfied with the pro-independence forces that used the occasion as an opportunity to create a nuisance. Certain overseas media warned that in the Qiandao Lake pleasure boat case, some among the Taiwan authorities would use the "pro-independence forces" as a bargaining chip to "contend with" the mainland. Such a trend deserves consideration.

It is generally believed that with the trial of the case, punishment of the offenders, and further disclosure of the details of the case, the dust kicked up will finally settle. We hope both sides will draw a lesson from the case, work together to increase their mutual trust, and look forward so as to promote the development of cross-strait relations.

[Signed] Bao Xin

[Dated] 2 May

Outstanding Taiwan-Related Propaganda Work Commended

OW2605042494 Beijing XINHUA Domestic Service in Chinese 1129 GMT 25 May 94

[By reporter Duanmu Laidi (4551 2606 0171 1229)]

[Text] Beijing, 25 May (XINHUA)—A national meeting to present awards for outstanding works that publicized propaganda directed at Taiwan was held in Beijing today.

Wang Zhaoguo, director of the State Council's Taiwan Affairs Office, attended and spoke at the meeting. He said: The work on publicizing propaganda directed at Taiwan is very important in the great cause of reunifying the motherland. Major changes have occurred on Taiwan island and in cross-strait relations in recent years. Taiwan-related tasks are facing a new situation and new issues, which in turn pose new and higher requirements for the work that publicizes propaganda directed at Taiwan.

Wang Zhaoguo said: At present, the mainland has been making very good progress in its reform and opening up. Its economy has been developing very rapidly. Taiwan compatriots are very interested in the situation. We should, in accordance with Taiwan compatriots' requirements, publicize the information in various formats to enable them to understand the mainland's situation better so as to increase the mainland's rallying and centripetal force.

Wang Zhaoguo added: To properly handle the work on publicizing propaganda directed at Taiwan, we need to have a contingent of personnel who are politically and professionally competent with an upright work style. Leaders of Taiwan affairs offices and news and propaganda departments at various levels should pay attention to establishing the contingent. Comrades engaging in tasks on publicizing propaganda directed at Taiwan

should earnestly and properly study Comrade Deng Xiaoping's theories on "peaceful reunification and one country and two systems"; properly study the party's various general and special policies toward Taiwan, and strive to improve their own ideological and professional standards.

The competition awarded first, second, and third prizes to 80 Taiwan-related propaganda essays, to 30 Taiwan-related propaganda books, and to 23 Taiwan-related propaganda video programs. The meeting also commended 46 outstanding comrades who have been industrious and who have cherished their work on publicizing propaganda directed at Taiwan.

Leaders of the State Council's Taiwan Affairs Office and other relevant departments also attended today's award-presentation meeting.

Li Teng-hui's National Affairs Address

OW2505164194 Taipei CHUNG YANG JIH PAO in Chinese 21 May 94 p 1

[Text of President Li Teng-hui's national affairs address to the Fourth Extraordinary Session of the Second National Assembly on 19 May: "Spare No Effort To Meet the Challenge in the Face of a Changing International Situation"]

[Text] Chairman of the National Assembly, and lady and gentlemen delegates:

Today, I feel greatly honored to be able to deliver a report on the state of the country to the Fourth Extraordinary Session of the Second National Assembly in the capacity of president of the Republic of China [ROC].

Over the past four decades, the ROC in Taiwan, supported by the determination and solidarity of our compatriots who fought arduously, overcame numerous difficulties, and created a multiparty democratic political system unprecedented in the history of the Chinese nation, setting an example for the world's developing countries in economic development and political democracy. The people of the whole country are proud of this achievement.

However, the world keeps on revolving and the international situation keeps on changing. Not only should we not feel complacent with ourselves, but we should step forward bravely to meet the challenges of the future. Today, with the end of the Cold War and the international order waiting to be rebuilt, the ROC is still confronted with the Chinese Communist regime, which is pursuing a dictatorial rule and accelerating its military strength and has never abandoned its ambition to invade Taiwan with force. While doing our best to cope with fast-changing international relations, we must break the Chinese Communists' diplomatic blockade to win a place in the international community. Especially after we have become economically prosperous and created a democratic political system, we must work harder to improve the quality of life and attach importance to human dignity. We must seek consensus with regard to traditions and modernization and concepts and behavior so we can join hands in creating peace and harmony.

Our past efforts have laid a sound foundation for future development. Henceforth, with the concerted efforts of the people of the whole country, we will certainly be able to overcome difficulties and build a modern, prosperous, and urbane society in which there is justice and mutual respect.

The Foundation of the Rule of Law Is Improving

Since I was elected the eighth president of the ROC by the National Assembly, I have always been aware of the heavy responsibility on my shoulders, and I hope the foundation for the rule of law needed for our country's long-term development will be built at an early date.

To deal with the matter of constitutional reform before the country's reunification, four years ago we invited noted figures at home and abroad to a conference to discuss state affairs. We have made a big stride forward in constitutional reform based on the measures adopted at the conference. According to our reform procedures, we terminated the period of mobilization for the suppression of the communist rebellion; opened up a new era of peaceful competition between the two sides of the Taiwan Strait; retired the deputies to the First National Assembly; and elected new deputies to the Second National Assembly. We have also built a legal basis for local self-government. Clear standards were established for the development of the economy, science and technology, environmental protection, agriculture, and fishing industry; for the advancement of health insurance for the whole people; and for the protection of the rights and interests of women, handicapped people, aborigines, compatriots in the Kinmen and Matsu region, and Overseas Chinese. As for the method of electing the president and vice president and other related questions, they concern the perfection of the system of constitutional government and their impact will be far-reaching. With regard to these issues, I trust the deputies will heed the people's will, pool your wisdom, and make the most appropriate decision in accordance with the basic framework of the five-power Constitution after analyzing the present state of the development of constitutional government in our country and the needs for national reunification in the future.

In implementing democracy, the establishment of party politics is a major task that should be neglected. The more plural and open the society is, the more it will rely on political parties to play a role in integrating values and forming a consensus. Currently, our party politics have not operated in a mature way; however, as long as we are open-minded, far-sighted, have the daring to institute the system, and tolerate and respect each other, we will make our ideal come true in a short time.

In implementing constitutional reform, the political structure and development objectives, following the end of the mobilization for the suppression of communist rebellion period, will be readjusted. How to implement the revised Constitution in terms of laws and policies, is a major task that should be carried out earnestly by our government. Today, since our democratic society is taking shape, we are confident and determined that the ROC will become a first-class country in the world and our people, first-class people in the world.

Economic Construction That Increases Our Actual Strength

Over the past four decades, the ROC has concentrated efforts on economic development and created an "economic miracle" that attracts worldwide attention. The solid national strength we have built has not only improved the standard of living but has also become a

powerful backing force for expanding international relations. Under a situation of global economic recession, our economic growth rate was 5.9 percent in 1993—evidence of a brisk economy. However, in the face of the challenges of domestic economic transition and readjustment of an international economic order, we should accelerate structural readjustment and increase our economic strength, so as to score even greater economic achievements.

Therefore, in 1993 our government proposed an "Economic Revitalization Package" and 12 projects in an attempt to strengthen basic construction of our society, stimulate investment from the private sector, accelerate upgrading industries, and make greater contributions to the world economy.

To implement the policy on economic revitalization, our government has worked out some concrete supporting measures. In instituting systems, we should accelerate liberalizing and internationalizing our economy and privatizing the government-run enterprises, as well as institute a legal and institutional framework in line with international practices. In improving manpower quality, we should encourage even more scientists and technicians abroad to start an undertaking in our country, assist enterprises at home to engage in research and development on high technology products, and improve the technological level. In land utilization, we are pushing forward policies on releasing farmland and improving land utilization, so as to return interests from land development to the whole nation and lighten the financial burden of public construction.

International trade is the main force of our economy. Changes in the international economic climate will have an impact on domestic economic development. The international economic system has undergone drastic changes in recent years. The formation of North American and European economic blocs in 1993, operation of the "Asia-Pacific Economic Cooperation" forum in an active way, and agreements reached at the Uruguay Round show that in the future, a new international economic order will be established under the two major axes of regional economic integration and trade liberalization. In view of this situation, our government has made positive and responsive preparations.

First of all, we will make positive efforts to join international economic organizations to secure international dialogue channels. We are now prepared to join GATT. Although this will have some impacts on the domestic markets, the government will take prudent measures to safeguard the rights and interests of farmers and domestic industries. Second, in addition to continuing to strengthen bilateral trade relations with Japan, the United States, and Europe, we will actively promote economic cooperation in the Asia-Pacific region, especially our economic cooperation with Southeast Asian nations. By doing so, we will be able to make use of Southeast Asia's rich resources and help countries in this

region develop their economies, thus establishing cooperative and mutually beneficial relations with them. Moreover, Taiwan's good geographical position is also a favorable factor that we can make good use of. We will woo international enterprises to invest in Taiwan in a planned manner and use Taiwan as a base for entering the Asia-Pacific market, to develop Taiwan into the business center of the Asia-Pacific region, and to expand the space for Taiwan's long-range development.

A Newly-Born and Diversified Culture

Culture is a heritage of history, crystallization of wisdom, and distillation of social activities. A glance at world history tells us that only societies with a highly developed economy and in which people can freely express their will can develop a spectacular culture. Therefore, a country's cultural level is an important indicator of its national strengths. Today, the ROC has created an affluent and democratic society that had never been seen in Chinese history. We will work even harder to add new vitality to the Chinese culture.

The Chinese nation has a long history and rich cultural heritage. This of course is an inexhaustible resource. But, culture is not historical ruins that never change—it should be a life force that continues to grow in daily life and spiritually. Therefore, we must not let the substance of culture be confined within traditional cultural relics and classic inheritance. Instead, we should inject new vitality into our traditional culture to create new life.

To bring about new cultural development, the government, in addition to continuing to protect and promote our fine traditional culture, will encourage the people to assimilate all kinds of cultures and to blend them with our traditional culture so that our traditional culture will assume a brand new look.

Because Taiwan, Penghu, Kinmen, and Matsu are at the edge of the Asian continent, they have been a region where Oriental and Western cultures meet and where continental and oceanic characteristics merge—this region is the most ideal place for the development of a diversified culture. Therefore, we can now see that cultural and artistic activities have developed vibrantly in this region and can feel the vigor born out of various cultures. The cultural potential accumulated by all our social strata is now ready to be released and the "new Chinese culture" will blossom soon. Following our economic and political accomplishments, culture will be another sphere in which we score great achievements.

A Streamlined, Solid, and Strong National Defense Force

National security is the precondition for a nation's survival and a society's development, and a strong national defense force is the cornerstone of national security. Although currently the international situation tends to be relaxed, regional conflicts have erupted around the world from time to time. In Asia, North Korea is developing nuclear weapons and there are disputes over territorial sovereignty and resources in the

South China Sea, casting clouds of instability over countries in this region. And, in recent years, the Chinese Communists have continued to increase their defense budget, expand their naval and air force armament, purchase sophisticated weapons, and redeploy their troops in the mainland's southeast coastal areas. All this has increased the potential threat to us. For this reason, maintaining a strong national defense force is still an important goal of our policy.

Our current defense policy is to build a high-quality defense force of fewer men and high combat capability; and to devise a defense strategy according to the priority order of gaining air superiority and command of the sea and developing an anti-landing force, according to the principle of developing the three armed services in a balanced way, and starting from reducing the size of the troops, increasing the troops' firepower, and improving the troops' mobility. In recent years, we have readjusted the military's organizational structure, downsized the troops, improved the military education system, refined the noncommissioned officer system, updated our weapons and armament, improved the troops' training, revised and restructured the logistics system, and improved the livelihood of military officers and men to build a strong and dependable defense force.

The idea of building up the Armed Forces at the current stage is, based on future combat requirements and the available national defense manpower and financial resources, to plan for the defense force for the next decade, to downsize the troops, to maintain an ever-ready force, and to maintain a large number of reserve personnel. In addition to gradually reducing the troops to 400,000 men, we are studying changing the mobilization system to maintain a large number of reserve personnel during peace time and to enable them to swiftly support combat when war breaks out.

Without national defense, there is no national security, hence, no construction and prosperity. Modern national defense is all-people defense. I hope all the people, based on our common sense of patriotism, will regard national defense as an important link in the nation's development and will unite to support our national defense efforts to build a modern national defense system to ensure the nation's security.

Cultivate a Mutual-Trust Cross-Strait Relationship

The ROC Government's mainland policy is to achieve national unification following the procedures laid down in the Guidelines for National Unification and on the basis of democracy, freedom, and equal distribution of wealth. Over the last few years, the government has gradually lifted control over people-to-people communications between the two sides of the Strait, thus gradually increasing cross-Strait relative visiting and exchange in the economic, trade, cultural, academic, and sports fields. This development is very important to enhancing mutual understanding between the two sides.

The two sides across the Strait have been split and governed separately for more than four decades. As a result of different ideologies, there is a giant gap between the two sides in terms of politics, economics, and social systems. To narrow the gap and seek a consensus, the two sides should accumulate experience and build mutual trust through various talks and routine consultations. The Koo-Wang meeting held in Singapore in April 1993 has set up channels for institutionalized contacts and talks and has worked out some topics for future discussions. This concrete result is a good start in institutionalizing and regularizing cross-Strait interaction between the nongovernmental organizations.

In the years ahead, the ROC will continue to adhere to the principle of rationality, peace, equality, and reciprocity to develop cross-Strait relations. However, we would also like to reiterate that the Chinese Communist authority, refusing to face the reality that the two sides are split and governed separately, is the major reason the two sides have not been able to build a mutual trust. We want to solemnly call on the Chinese Communist authority to face the new cross-Strait situation of peaceful competition with a new understanding, knowledge, and policies and to make contributions to opening a new chapter in Chinese history.

Foreign Relations Promoted in a Practical Way

After the ending of the Cold War, the international situation has shifted from military standoff to economic cooperation. In view of the international situation, the focus of the ROC's diplomatic work is to fully utilize its economic power and show its sincerity and competence to share and fulfill international responsibilities, so as to call international attention to the fact that the ROC on Taiwan exists and to call respect for ROC's aspiration and rights to participate in international affairs.

As far as concrete policies are concerned, our government has earnestly developed substantial relations with countries around the world and strived to join in international organizations to promote international cooperation and to seek peaceful settlement for international issues through multilateral consultations, according to the principle of making extensive friendly contacts and making contributions to the international community.

In recent years, we have scored remarkable results in strengthening relations and expanding cooperation and exchanges with countries with or without diplomatic ties with our country. Many countries have broken the past taboo to develop a higher level of contacts with our country. Over the past year, international leaders such as former British prime minister, Madame Thatcher; former U.S. President, Mr. Bush; and former USSR president, Mr. Gorbachev came to visit our country. These visits have further widened our international horizon and have called international attention to our country.

In February this year, I visited the Philippines, Indonesia, and Thailand. I met with the heads of state of the

three countries and exchanged views with them. This is an important milestone in the cooperative relations between our country and Southeast Asian countries and is a pioneering move to expand all-directional international relations for our country.

In developing multilateral relations, we will continue to push our established policy of joining the United Nations. In addition, we will not give up any opportunity to participate in international organizations or international meetings, so as to expand our area of activity in the international arena and to establish an international status for our country.

Even though the Chinese Communists have vainly attempted to undermine our international relations and downgraded our international status, our determination to expand pragmatic diplomacy will never change. Because the ROC is a peace-loving country, we are earnestly willing to do our best to join the countries and peoples of the world in working for peace, cooperation, and prosperity of the human race.

With Consensus, Success Can Be Expected

Ladies and gentlemen, since I was elected president, I have always been aware of my heavy responsibility. I have constantly encouraged myself, and I hope that with your support and the concerted efforts of the people of the whole country, the goal of enhancing the people's welfare and establishing a system under which the country is well-governed and enjoys lasting stability will be realized.

The road we have traveled over the past four decades proves that we have been making efforts in the right direction. We have not worked in vain. Today, the economic prosperity, the practice of democratic politics, and social stability in the Taiwan, Penghu, Kinmen, and Matsu regions show we are already standing on another new historical starting point. As we look into the future, we see the world situation is changing and treacherous. The situation in Mainland China is unpredictable, and we are being tested by numerous obstacles and difficulties. However, our successful "Taiwan experience" tells us that so long as the people of the country form a consensus on "the community of life" and enhance the plentiful vitality of society, they will be able to stand firm like a rock and create another new situation.

The 21st century is approaching. To meet the challenges of the new era, we must widen our horizon. The ROC can neither alienate itself from the mainland nor isolate itself from the world. Henceforth, we will, of course, continue our reform and respect the people's will. We will not only build the Taiwan, Penghu, Kinmen, and Matsu regions into a modern society that conforms to world trends and advanced standards, but we will also strive to lay a solid foundation for a free, democratic, prosperous, and unified New China.

In conclusion, let us wish the ROC and its people prosperity and peace! At the same time, I wish you all good health and happiness! Thank you.

Taipei Suggests Talks on Qiandao 'Early Next Month'

OW2505143094 Taipei CNA in English 1340 GMT 25 May 94

[By Bear Li]

[Text] Taipei, May 25 (CNA)—Taipei on Wednesday [25 May] suggested that talks with Beijing regarding compensation for relatives of the Taiwan victims killed in the Qiandao Lake disaster be held early next month.

Twenty-four Taiwanese tourists and eight mainland guides and crew were robbed and burned to death in the lower-deck cabin of a pleasure boat on which they were touring Lake Qiandao in Zhejiang Province on March 31.

Beijing initially claimed the deaths were accidental, but then said robbery and arson were to blame after a blistering attack by Taipei questioning the account of the incident. It finally arrested four men for their involvement in the crime after Taipei implemented a tour-group boycott of the mainland, among other measures.

In a letter to the Association for Relations Across the Taiwan Strait [ARATS] requesting June talks, the Straits Exchange Foundation [SEF], the intermediary body set up to handle cross-strait exchanges, said the incident had inflicted unprecedented damages on the relationship that had been burgeoning since civilian exchanges between the two countries began in 1987.

SEF insisted in the letter that mainland authorities still need to make public a thorough report on the case as soon as possible, even though Beijing has said the case is closed.

The mainland, it added, should properly compensate the victim's relatives, who it said have suffered immensely as a result of the tragedy.

A SEF delegation, accompanied by lawyers, criminal investigators and relatives of the victims, visited the lake and met mainland law enforcement officials earlier this month, and voiced its doubts about the results of the investigation by mainland authorities.

In the past two months, ARATS has ignored seven requests by SEF to hold talks on the incident, saying it would need more time to prepare for negotiations.

Taipei 'Not Interested' in Resuming High-Level Talks

OW2505141294 Taipei Voice of Free China in English 0200 GMT 25 May 94

[Text] Taipei is not interested in resuming high-level talks with Peking [Beijing] before issues stemming from

the Chientao [Qiandao] tragedy are settled, the Mainland Affairs Council [MAC] has announced. Before issues relating to the 31 March boat fire in which 24 Taiwanese tourists were killed as well as other functional disputes are resolved, Taipei sees no reasons of holding another round of chairman-level talks between it and the Peking semi-official organization, sources quoted an MAC official as saying. The official was apparently referring to a meeting between the chairman of the Straits Exchange Foundation [SEF], Ku Chen-fu, and his mainland counterpart Wang Tao-han [Wang Daohan] of the Association for Relations Across the Taiwan Strait [ARATS]. The two chairmen met in the ground-breaking Ku-Wang Talks in Singapore last April. At that time, they agreed to meet at least once a year to maintain regular cross-strait contacts. However, the cabinet-level MAC, which formulates Taiwan's policy towards the mainland, asserts there is no point in moving on until the current issues are finally resolved.

Fishing Boats Warned To Avoid Foreign Waters

OW2505144194 Taipei CNA in English 1334 GMT 25 May 94

[By Lilian Wu]

[Text] Taipei, May 25 (CNA)—Taiwan fishing boats must be careful not to venture into foreign waters, a Taiwan fisheries official warned Wednesday [25 May].

Li Chien-chuan, director of the Fisheries Department of the Council of Agriculture, said that there are currently 117 Taiwan fishing boats operating in squid fishing grounds near Argentina. He said 42 are licensed by the Falkland Islands, 39 are licensed by Argentina, and the remaining 36 have licenses from neither Argentina nor the Falkland Islands and can only operate in international waters.

Li urged the unlicensed ships to stay away from Falkland Island and Argentine waters to avoid being attacked.

His remarks followed the attack last Friday by the Argentine Navy on a Taiwan fishing boat that had allegedly been poaching in Argentine waters.

The Kaohsiung-based fishing boat, the Chin Yuan Hsing, reportedly sank off the coast of San Julian after being attacked, and its crewmembers were rescued by another nearby Taiwan fishing boat, the Chin Chuan Hsing.

Taiwan Government officials are still investigating the incident.

Li said that the government will take action only after a full investigation is completed.

Niger President To Visit Beginning 2 June

OW2605103594 Taipei CNA in English 0716 GMT 26 May 94

[By Lilian Wu]

[Text] Taipei, May 26 (CNA)—Niger President Mahamane Ousmane will visit the Republic of China [ROC] next week at the invitation of ROC President Li Teng-hui, the Ministry of Foreign Affairs said.

During his stay in Taiwan June 2-7, Ousmane will sign a joint communique with Li to reaffirm friendly relations between the two countries.

Ousmane will also discuss with Li issues of mutual concern and visit cultural and economic facilities in Taiwan, the ministry said.

The ministry said that Ousmane will be accompanied by Minister of Foreign Affairs and Cooperation Abdourahman Hama, minister of commerce and transport Abdoulaye Souley and other officials.

The ROC and Niger reestablished diplomatic ties in June 1992.

Police Seize 10,000 Ivory Items

OW2605021094 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 23 May 94

[From the "Hookup" program]

[Text] The Kaohsiung city criminal police force and the Agriculture Council's investigative group yesterday [23 May] solved the largest case of illegal ivory sales in the province. They seized some 10,000 pieces of finished or semfinished ivory products whose value was initially estimated at more than 100 million new Taiwan [NT] dollars. Here is a report by Huang Chien-ping:

[Begin recording] [Huang] [sentence indistinct] In the afternoon, the Executive Yuan's Wildlife Protection Group and the police, acting on the tip, went to the Hsiangyacheng herbal medicine shop on Chengkung First Road in Chienchin District, Kaohsiung city, to crack down on the illegal trade. They seized a large quantity of ivory, including 12 pieces of ivory that had not been cut, and some 10,000 pieces of ivory goods. Chang Yu-cheng, director of the Agriculture Council's Forestry Department, said:

[Chang] In Taipei, we solved an illegal smuggling case involving more than 1,000 pieces of ivory. Acting on a tip provided by an individual, we went to Kaohsiung today and acted in concert with the criminal police force.

[Huang] Chang Yu-cheng said: According to preliminary estimates, the ivory shipment is worth more than NT\$100 million. The shopowner, Lin Weng-shou, argued that the ivory products in his shop were imported

legally. The police are still determining whether the ivory shipment in question is legal, and they are investigating its source and destination.

This has been a report by China Broadcasting Corporation reporter Huang Chien-ping from Kaohsiung. [end recording]

Wildlife Breeders To Protest U.S. Trade Sanctions

OW2605103894 Taipei CNA in English 0723 GMT 26 May 94

[By Lilian Wu]

[Text] Taipei, May 26 (CNA)—Wildlife breeders protested outside the Council of Agriculture (COA) Thursday [26 May], urging the council to allow them to sell the animals they have raised.

The animal breeders, with animals in tow, gathered outside the council to argue against wildlife protection laws which prohibit the sale of their animals.

The breeders argued that they began to raise the animals before the Wildlife Conservation Act, which prohibits the trade and use of protected wildlife, was enacted in 1989.

They said they depend on the sale of their animals not only for themselves but also for their families.

Wildlife breeders have voiced their opposition to COA regulations on several occasions, but this is the first time that they have taken their animals, including a bengal tiger, crocodile, masked palm civets, formosa rock monkeys and Formosa reeve's muntjacks.

The private owners said that all the animals were kept in cages and posed no danger to the public.

Weng Chin-huo, a tiger breeder, said that private breeders have done a lot to promote the conservation of wild animals. He complained that the conservationists have completely ignored their contribution to wildlife preservation.

COA officials said that the revised wildlife conservation act, which is now under deliberation in the Legislative Yuan, would address the issue.

The private owners will March to the American Institute in Taiwan, the unofficial US Embassy in Taiwan, to protest US trade sanctions against Taiwan for its alleged trade in rhino horns and tiger parts.

Meanwhile, private breeders of wildlife are struggling to deal with the large number of animals they own which are protected by the wildlife conservation act.

COA statistics showed that there are 128 registered tigers in Taiwan, of which 79 are privately owned. Most of the tiger breeders use bengal tigers.

Tiger breeder Weng said he owns seven tigers, up from two in 1989, and does not know what to do with the now-protected animals.

COA officials said they have contacted the Trade Record Analysis of Flora and Fauna in Commerce (TRAFFIC) about the possibility of returning the tigers to their natural habitats.

But the officials said that India and Thailand have refused the tigers after concerns about tiger attacks on humans.

Liang Kuo-shu Named Central Bank Governor

OW2505124994 Taipei CNA in English 0704 GMT 25 May 94

[By Y.C. Tsai]

[Text] Taipei, May 25 (CNA)—The policy-making Central Standing Committee of the ruling Kuomintang Wednesday [25 May] approved a proposal to name Liang Kuo-shu, chairman of the state-run Chiao Tung Bank, as governor of the Central Bank of China (CBC).

The appointment will become final upon approval by the cabinet.

Liang, 64, will succeed Samuel Shieh, whose five-year tenure expires next week. He is expected to be sworn in June 1.

He previously served as chairman of Chang Hwa Commercial Bank, chairman of the First Commercial Bank, deputy governor of the Central Bank, and economics professor of National Taiwan University.

The senior banker graduated from National Taiwan University in 1953 and took his master's degree from the university in 1959. He later pursued advanced studies in the United States, where he took both his master's and Ph.D. Degrees from Vanderbilt University in Nashville in 1964 and 1970 respectively.

Asked to comment on his appointment, Liang pledged that he would do his best in his new job and seek transparency in the central bank's policy making process.

Liang is a well known advocate of Taiwan's financial liberalization and internationalization strategy. Market forces should be key to the development of financial markets, he said.

Taipei 12th Largest Importer of Services

OW2405143194 Taipei CNA in English 1324 GMT 24 May 94

[By Flor Wang and Jorge Liu]

[Text] Madrid, May 23 (CNA)—Taiwan ranked 12th and 20th in the world in terms of service industry imports and exports, respectively, in 1992, data released

by the Organization for Economic Cooperation and Development (OECD) show.

According to OECD tallies, Germany bought U.S.\$119 billion worth of services in 1992, making it the world's top importer in that category. The United States and Japan ranked second and third by posting service imports worth U.S.\$107.7 billion and US\$97 billion, respectively.

Of the four Southeast Asian "little dragons," Taiwan topped the other three by importing U.S.\$19.2 billion worth of services, ranking 12th in the world. South Korea and Hong Kong ranked 17th and 19th with service imports worth U.S.\$14.6 billion and U.S.\$12 billion, respectively. Singapore did not make the top-20 list.

The United States was the leading exporter of services at U.S.\$162.3 billion, followed by France and Italy with U.S.\$102.3 billion and U.S.\$66.2 billion, respectively.

Japan was the No. 1 Asian country and the world's sixth in exporting U.S.\$49.6 billion worth of services. Singapore, Hong Kong and South Korea took 12th, 13th and 19th place with exports hitting U.S.\$18.2 billion, U.S.\$17 billion and U.S.\$12.8 billion, respectively. Taiwan ranked 20th in the category with exports amounting to U.S.\$10.6 billion, OECD statistics show.

Taipei May 'Be Forced' To Liberalize Rice Market

OW2405143394 Taipei CNA in English 1335 GMT 24 May 94

[By Debbie Kuo]

[Text] Taipei, May 24 (CNA)—Taiwan may be forced to adopt the "Japanese formula" instead of the "Korean formula" in opening its rice market to foreign imports, an official representing Taiwan at tariff reduction negotiations in Geneva last week said upon his return to Taiwan on Tuesday [24 May].

Chen Wu-hsiung, director of the Economics and Planning Department under the Council of Agriculture, said in order to join the General Agreement on Tariffs and Trade, or GATT, Taiwan will have to make some concessions in its trade regime, including liberalizing the rice market.

GATT regulations stipulate that Japan should allow rice imports of 4 percent of the nation's total rice consumption in its first year as a GATT member, and increase imports by 0.8 percent annually to reach 8 percent by 2000.

South Korea, which GATT considers a developing country, must open 1 percent of its rice market to foreign imports in the first year with gradual increases ranging from 0.25 percent to 2 percent annually in the following years and to open up 4 percent of its market to foreign rice within 10 years.

Most GATT contracting parties agreed in Geneva that Taiwan should not be allowed to follow the Korean formula because Taiwan is a developed country, Chen said.

Chen also said Taiwan will be hard hit by GATT regulations concerning fruit imports. Chen reckoned that Taiwan peaches, citrus fruits, mangoes, pineapples and pears will face increased competition from abroad.

Chen argued that it was unjustifiable that most GATT member countries are against Taiwan's desired tariffication plan because Taiwan is not a GATT member while at the same time demanding that Taiwan abide by the Uruguay Round trade accords to eliminate government subsidies to farmers.

Taipei Allows Seafood From Cholera-Hit Areas

OW2505124794 Taipei CNA in English 0732 GMT 25 May 94

[By Debbie Kuo]

[Text] Taipei, May 25 (CNA)—Taiwan is allowing imports of seafood from cholera-affected or potential cholera-affected areas as part of its efforts to join the General Agreement on Tariffs and Trade (GATT), the department of health said Wednesday [25 May].

For health safety, National Quarantine Service Director Wu Tsung-neng said all fishery produce from cholera-affected areas will undergo rigorous cholera checks and be kept for three to four days in customs.

A shipment of frozen salmon from Chile, the first delivery of seafood since the government lifted bans on such imports, has already hit the local market, Wu said.

Most countries impose no restrictions on fishery produce imports from cholera-affected or potential cholera areas, Wu said.

Trade Delegation To Visit Central, South America

OW2505144294 Taipei CNA in English 1257 GMT 25 May 94

[By Flor Wang]

[Text] Taipei, May 25 (CNA)—Aiming to further strengthen trade and economic ties with Central and South American countries, the government has decided to send a trade delegation to the region to look into investment opportunities, ranking officials at the Ministry of Foreign Affairs said Wednesday [25 May].

The announcement came following a Tuesday public hearing called by legislator Cheng Chien-jen, in which several Central and South American ambassadors called on the government to encourage more local investment in their countries as the best way to promote bilateral ties.

Ambassadors from El Salvador, Paraguay and the Dominican Republic said that although the performance of the Republic of China's [ROC] agricultural and fishery missions stationed in Central and South America have won high praise there, countries in the region need more foreign investment to boost and upgrade their economies.

They also advised the ROC to act to counter the diplomatic offensive launched by Mainland China to develop links with those Central and South American countries with which the ROC maintains formal ties.

Ministry officials said the government would continue to do its best to stimulate more private-sector investment in the region, particularly in those countries that are friendly to the ROC.

Firms Urged To Form Ties With Swedish Companies

OW2505115794 Taipei CNA in English 0801 GMT 25 May 94

[By Sofia Wu]

[Text] Taipei, May 25 (CNA)—Taiwan companies should consider forming strategic alliances with their counterparts in Sweden to tap north and east European markets, a senior trade official said Wednesday [25 May].

"Sweden has advanced modern port and warehousing facilities as well as well-developed distribution systems," said James C.K. Lin, director of the Representative Office in Stockholm of the semi-official China External Trade Development Council (Cetra).

Lin, who returned to Taipei earlier this week for consultations, said Sweden is also a frontrunner in the aerospace, automobile and electronics industries.

"By forging partnerships with Swedish companies, Taiwan firms can obtain advanced technical know-how in the above-mentioned fields and gain access to north European markets," Lin said.

He said that although operational costs in Sweden are relatively high, the Scandinavian country offers many tax incentives for businesses. "Taiwan entrepreneurs can consider setting up distribution centers in Sweden to facilitate their entry to north and east European markets," he added.

Sweden has been Taiwan's most important trade partner in North Europe. Two-way trade between the two countries totaled US\$880 million in 1993, down 12 percent from 1992.

In the first four months of this year, Taiwan-Swedish trade increased to US\$330 million mainly because of a nearly 40 percent growth in Taiwan's imports from

Sweden. Taiwan's exports to that country, however, declined by about 15 percent during the four-month period.

Personal computers, bicycles, sporting goods and plastic products were Taiwan's main exports to Sweden, while cars, machinery and steel products formed the bulk of Taiwan imports from that country.

Cetra officials said Sweden offers preferential tariff rates for South Korea, Singapore and Hong Kong because the Swedish Government considers them "developing countries or areas." Taiwan, however, is denied such treatment. This has been the greatest obstacle for Taiwan goods to enter the Swedish market, the officials noted.

Navy Plans To Lease More U.S. Tank-Landing Craft

OW2505144494 Taipei CNA in English 1320 GMT 25 May 94

[By Benjamin Yeh]

[Text] Taipei, May 25 (CNA)—The Navy intends to lease more Newport-class tank-landing ships from the United States, a Ministry of National Defense official said Wednesday [25 May].

The official's remarks came after the United States House of Representatives on Tuesday passed a bill by voice vote authorizing the transfer of 17 US naval vessels to nine countries, including the tank-landing ships to Taiwan.

The US Navy declined to reveal the lease price for the three ships.

"They will be used to replace some aging LSTs (landing ship, tank) that have been in service since the Second World War by the ROC Marines," the official said.

Each of the Newport-class ships is capable of ferrying 700 fully equipped soldiers and 500 tons of military equipment, and can sail at 20 knots per hour.

Meanwhile, a ministry report released Wednesday indicates the army is planning to procure some new-generation light tanks from the United States. The Army, according to the report, is keeping a close watch on evaluations being done by the US military on three types of newly developed light tanks, including the M8.

The Army needs not only medium-sized tanks but light tanks as well to defend Taiwan and the offshore islands, the report says.

It also defends the ministry's plan to buy an unspecified number of US-made M60-A3 tanks. The plan was severely attacked when the budget to finance arms acquisitions was recently submitted to the Legislative Yuan for approval, with lawmakers claiming that the

medium tanks would not be suitable for use on the rugged Taiwan terrain, and that they were old models scrapped by the US Army.

The report said the Army has no alternative but to buy the M60-A3s because Taiwan is unable to acquire more advanced tanks such as US M1 tanks, British Challengers and German Leopard 2s due to political factors.

Nevertheless, the report places the M60-A3 on the same level as the M1 in terms of combat capabilities. M60-A3s are equipped with solid-state computers, laser range-finders with a maximum range of 5,000 meters, add-on-stabilization systems, and passive night-sight equipment, according to the report.

Hong Kong

Article Views Motivation for Patten's Latest Trip to UK

HK2605064994 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0733 GMT 23 May 94

["Special contribution" by Kan Cheng (1626 2110: "Why Has Chris Patten Been Back to London so Often")]

[Text] Hong Kong 22 May (ZHONGGUO TONGXUN SHE)—Hong Kong Governor Chris Patten is back in London for consultations again. This is his ninth trip to London in the two years since he took office in Hong Kong in July 1992; on average, once every three months or so.

There has been much talk about Chris Patten's frequent return to Britain recently in the British media. For example, Chris Patten's frequent return to Britain reflects "his obvious restlessness with his office as Hong Kong governor," he "still cannot forget about the British political arena," "his strong love for Westminster (the British Parliament) has not faded," "he no longer brags about having no intention to return to the British political arena," "he is picking up the topic that under whatever circumstances it is impossible for him to return to the British political arena," and "loves to talk about British politics and how to govern the country with British reporters."

As usual, Chris Patten has denied these rumors about himself. Some political analysts in London also believe that there is little chance of Chris Patten returning to the British political arena at the present stage, because "he really cannot find any way which is honorable and helpful to return to the British political arena."

Then, how should we account for his frequent trips to Britain? Is it really true that "he has nothing else to do in Hong Kong," and is thus returning to Britain "to enjoy a leisurely and carefree excursion," as some British media have put it?

That obviously does not conform to Chris Patten's inclination, which is unwilling to be lonely.

People notice that Chris Patten arrived in Hong Kong in July 1992 to take office, but by mid-September, he had already taken his first trip back to London for consultations; on his return he delivered his government address on 6 October, in which he presented a constitutional reform package for Hong Kong, which consequentially sparked Sino-British polemics.

In its wake, every time Chris Patten returns to Britain, there is some new action upon his return to Hong Kong. For example, the gazettal of his constitutional reform package, the termination of the Sino-British talks on the arrangements for Hong Kong 1994/1995 elections, the

tabling of his constitutional reform package to the Legislative Council...and so forth, and every action has caused shock and has added a great obstacle to a stable transition for Hong Kong.

Chris Patten's last trip to London was on 30 March this year. Shortly after his return to Hong Kong, the British Parliament's Select Committee on Foreign Affairs produced a report on Sino-British relations, which "proposes" that the British Hong Kong Government set up a "human rights commission" and an "organization to supervise human rights" which would continue after 1997, and the British Government and the UN Human Rights Commission would "jointly supervise the conditions and development of human rights in Hong Kong after 1997."

Indeed, there may be some truth in Chris Patten planning to sound out political conditions in Britain in an attempt to find a way to promote himself during his current trip to London as is being speculated, but the focus of his activities is likely to be on consulting officials from the Foreign and Commonwealth Office on the issue of "setting up a human rights commission in Hong Kong."

Noteworthy is the fact that a high-ranking Chinese official in charge of Hong Kong affairs indicated that, just like "a drinker's heart is not in the cup," the person who made the proposal to set up a human rights commission in Hong Kong aims to jeopardize the power framework established in the Basic Law, and the proposal "will consequently form 'a weird embryo'."

Under such circumstances, people wish that Chris Patten would really confine himself to "enjoying an increasingly leisurely and carefree excursion with each passing day." However, experience tells us that a storm is likely to be conjured up in London, which will eventually attack Hong Kong again.

Official Optimistic on Stability, Development

HK2605065794 Beijing ZHONGGUO XINWEN SHE in Chinese 1335 GMT 25 May 94

[By reporter You Xiayin (3266 1115 5419)]

[Text] Beijing, 25 May (ZHONGGUO XINWEN SHE)—Chen Ziyang, deputy director of the State Council's Hong Kong and Macao Affairs Office, today met a Hong Kong Textile Council delegation. He said that China's policy of "one country, two systems" and "Hong Kong people ruling Hong Kong" is based on full trust in Hong Kong compatriots.

Chen Ziyang listened carefully to the guests' opinions and views on how to realize a steady transition and maintain economic prosperity in Hong Kong.

He added that the Chinese Government is trying by every possible means to preserve Hong Kong's position as an international economic and trade center, and

hoped that all systems which have been proved effective and beneficial to Hong Kong's stability and prosperity will remain.

Chen Ziyang reiterated his repeatedly expressed view, namely that he takes an optimistic attitude on maintaining Hong Kong's prolonged stability and development.

He pointed out: Hong Kong's present-day prosperity has been created by the Hong Kong people themselves. They have adequate ability and talent to exercise good management over Hong Kong's affairs after 1997. This was the basis for putting forward the policy of "one country, two systems" and "Hong Kong people ruling Hong Kong." In addition, political stability as well as rapid and healthy [kuai su jian kang 1816 6643 0256 1660] economic development on the Chinese mainland also serve as new opportunities and fine conditions for Hong Kong's stability and prosperity and the development of cooperative relations between the mainland and Hong Kong.

In conclusion, Chen Ziyang indicated: The Chinese side has always cherished sincerity in cooperating with the British side; now the Sino-British talks on Hong Kong's constitutional system have broken down, but we hope that the British side will not adopt an uncooperative attitude in other aspects. This will not only serve Hong Kong's steady transition but is also for the sake of Sino-British long-term relations.

After the meeting, Chen Ziyang held a banquet in honor of the 30-member delegation.

The Hong Kong Textile Council delegation, headed by Fong Hang, arrived in Beijing yesterday. During their Beijing tour, they will visit the Ministry of Foreign Trade and Economic Cooperation, the Ministry of Domestic Trade, and the Chinese General Chamber of Textiles.

Official Views Naturalization of Foreign Residents
HK2605064894 Hong Kong TA KUNG PAO in Chinese 25 May 94 p 2

["Special dispatch": "China To Study Ways To Handle Naturalization of Foreign Residents in Hong Kong"]

[Text] Beijing, 24 May (TA KUNG PAO)—Shao Tianren, the leader of the Chinese side of the Preliminary Working Committee [PWC] Legal Group, said today that the naturalization of foreign residents of Hong Kong is a new issue which must be studied. At present, there is no Chinese public security organ in Hong Kong to handle such issues.

Before attending today's meeting of the PWC Legal Group, Shao Tianren was asked whether foreign residents of Hong Kong can apply for Chinese citizenship in order to meet requirements to be senior officials in the special administrative region [SAR] government. He said: Hong Kong is Chinese territory, but the territory has not been governed by China for the past 100 years or more. Therefore, applications for Chinese citizenship by foreign residents and people

without nationality in Hong Kong has become a new issue. In addition to the fact that no public security organ can handle such matters there now, this is an issue China should consider how to deal with. He said that China may have to formulate certain policies and regulations for handling the nationality issue of such people after careful consideration and it was hard to comment for the time being.

He said: After the establishment of the SAR, Hong Kong will be a territory under China's jurisdiction, and this issue will become the same as in other parts of China. At present, foreigners in Beijing may submit applications to public security organs if they want to attain Chinese citizenship, but no Chinese public security organ now exists in Hong Kong.

Five Stolen Pleasure Crafts Returned to Hong Kong

OW2505212494 Beijing XINHUA in English 1240 GMT 25 May 94

[Text] Hong Kong, May 25 (XINHUA)—China's public security organs today handed over to the Royal Hong Kong Police five pleasure crafts stolen from Hong Kong last year.

The five pleasure boats were handed over to Commissioner of Hong Kong Police Li Kwan-ha at a handing-over ceremony held at a pier in Shekou, in the Shenzhen Special Economic Zone of southern China's Guangdong Province and then towed back to Hong Kong.

The recovered pleasure crafts have a total value of 12.2 million HK dollars (1.56 million U.S. dollars), said Perter Yam, senior staff officer of the Organized Crime and Triad [word as received] Bureau (OCTB), at Sai Wai Ho Marine Police Headquarters, where the five boats towed to and anchored.

A total of nine pleasure boats were stolen from the Causeway Bay and Pochong Wan Typhoon Shelters in Hong Kong between January and October last year. Hong Kong Police passed on relevant information to its counter parts in China and some southeastern countries.

After a period of investigation, the public security bureau (PSB) in Guangdong Province recovered five of the nine stolen crafts and arrested two Hong Kong residents in connection with the case, Yam said.

Meanwhile, Hong Kong Police also arrested six Hong Kong residents based on information supplied by the Chinese PSB, he added.

As for the other four boats, Yam said, "The Chinese side tried its best to assist us in locating them, but there was no evidence that the boats are at the moment in China." He believes the other four boats are still somewhere in Southeast Asia.

Four of the five returned boats will be handed over to the insurance company and the fifth will go back to the original owner, Yam said.

In future, local police will tighten patrol on the sea and keep in closer contacts with China in cracking down on unlawful activities, he added.

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